

Northeastern University



School of Law Library

INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER

TEMPORARY NATIONAL ECONOMIC COMMITTEE

A STUDY MADE UNDER THE AUSPICES OF THE DEPARTMENT OF COMMERCE AND THE FEDERAL TRADE COMMISSION FOR THE TEMPORARY NATIONAL ECONOMIC COMMITTEE, SEVENTY-SIXTH CONGRESS, THIRD SESSION, PURSUANT TO PUBLIC RESOLUTION NO. 113 (SEVENTY-FIFTH CONGRESS), AUTHORIZING AND DIRECTING A SELECT COMMITTEE TO MAKE A FULL AND COMPLETE STUDY AND INVESTIGATION WITH RESPECT TO THE CONCENTRATION OF ECONOMIC POWER IN, AND FINANCIAL CONTROL OVER, PRODUCTION AND DISTRIBUTION OF GOODS AND SERVICES

MONOGRAPH No. 6

EXPORT PRICES AND EXPORT CARTELS (WEBB-POMERENE ASSOCIATIONS)

Printed for the use of the
Temporary National Economic Committee



TEMPORARY NATIONAL ECONOMIC COMMITTEE

(Created pursuant to Public Res. 113, 75th Cong.)

JOSEPH C. O'MAHONEY, Senator from Wyoming, Chairman
HATTON W. SUMNERS, Representative from Texas, Vice Chairman

WILLIAM H. KING, Senator from Utah

WALLACE H. WHITE, Jr., Senator from Maine

CLYDE WILLIAMS, Representative from Missouri

B. CARROLL REECE, Representative from Tennessee

THURMAN W. ARNOLD, Assistant Attorney General

*WENDELL BERGE, Special Assistant to the Attorney General
Representing the Department of Justice

JEROME N. FRANK, Chairman

*SUMNER T. PIKE, Commissioner

Representing the Securities and Exchange Commission

GARLAND S. FERGUSON, Commissioner

*EWIN L. DAVIS, Chairman

Representing the Federal Trade Commission

ISADOR LUBIN, Commissioner of Labor Statistics

*A. FORD HINRICHS, Chief Economist, Bureau of Labor Statistics
Representing the Department of Labor

JOSEPH J. O'CONNELL, Jr., Special Assistant to the General Counsel

*CHARLES L. KADES, Special Assistant to the General Counsel
Representing the Department of the Treasury

Representing the Department of Commerce

LEON HENDERSON, Economic Coordinator

DEWEY ANDERSON, Executive Secretary

THEODORE J. KREPS, Economic Adviser

*Alternates.

MONOGRAPH No. 6

EXPORT PRICES AND EXPORT CARTELS (WEBB-POMERENE ASSOCIATIONS)

MILTON GILBERT AND PAUL D. DICKENS

DEPARTMENT OF COMMERCE

AND MEMBERS OF THE STAFF OF THE

FEDERAL TRADE COMMISSION

ACKNOWLEDGMENT

The various parts of this monograph were written by

MILTON GILBERT

*Bureau of Foreign and Domestic Commerce
Department of Commerce*

PAUL D. DICKENS

*Bureau of Foreign and Domestic Commerce
Department of Commerce*

and by

members of the staff of the

FEDERAL TRADE COMMISSION

The Temporary National Economic Committee is greatly indebted to these authors for this contribution to the literature of the subject under review.

The status of the materials in this volume is precisely the same as that of other carefully prepared testimony when given by individual witnesses; it is information submitted for Committee deliberation. No matter what the official capacity of the witness or author may be, the publication of his testimony, report, or monograph by the Committee in no way signifies nor implies assent to, or approval of, any of the facts, opinions, or recommendations, nor acceptance thereof in whole or in part by the members of the Temporary National Economic Committee, individually or collectively. Sole and undivided responsibility for every statement in such testimony, reports, or monographs rests entirely upon the respective authors.

(Signed) JOSEPH C. O'MAHONEY,
Chairman, Temporary National Economic Committee.

TABLE OF CONTENTS

Letter of transmittal.....	IX
Foreword.....	XIII

PART I

A SAMPLE STUDY OF DIFFERENCES BETWEEN DOMESTIC AND EXPORT PRICING POLICY OF UNITED STATES CORPORATIONS

	Page
CHAPTER I	
Statement of the problem.....	3
The suggestion in the President's monopoly message.....	3
Scope and limits of the study.....	4
Relation of different export and domestic prices to the monopoly problem.....	4
CHAPTER II	
Earlier Studies of Export Pricing Policies.....	7
CHAPTER III	
Scope of the Field Study.....	12
CHAPTER IV	
Problems Involved in Comparing Domestic and Export Prices.....	16
CHAPTER V	
Comparison of Export and Domestic Price Policies.....	29
Group I. Cases of higher export than domestic prices.....	31
Group II. Cases of export prices equal to domestic prices.....	36
Group III. Cases of lower export than domestic prices.....	44
CHAPTER VI	
The Economic Factors Determining Export Price Policy.....	63
Export prices higher than domestic prices.....	63
Volume of trade at higher than domestic prices.....	67
Export prices equal to domestic prices.....	68
Export prices lower than domestic prices.....	70
1. Why price concessions are granted.....	70
2. Factors in foreign markets which necessitate lower export prices.....	72
3. Why domestic prices are higher.....	74
(a) Monopoly aspects of the problem.....	74
(b) The influence of tariffs.....	81
(c) The selling problem in the domestic and foreign markets.....	82
4. Other factors influencing export price policy.....	84
CHAPTER VII	
Conclusions	91

PART II

DIRECT FOREIGN INVESTMENTS IN AMERICAN INDUSTRY, 1937

	Page
Foreword.....	97
Introductory.....	99

	Page
Foreign Direct Investments in the United States and Their Significance.....	100
Industrial distribution.....	101
Geographic distribution.....	104
Foreign control of United States production.....	105
Concentration of assets and investment.....	108
Conclusion.....	110

PART III

REPORT OF THE FEDERAL TRADE COMMISSION ON THE OPERATION
OF THE EXPORT TRADE ACT (WEBB-POMERENE LAW) 1918-40

	Page
Background.....	113
Report of the Federal Trade Commission on cooperation in American export trade, 1916.....	113
Debates in Congress, hearings, and committee reports.....	118
The law as passed on April 10, 1918.....	119
Administration of the Law.....	123
1918-27—The Export Trade Division.....	123
Foreign Trade Series No. 1, 1919.....	123
Proposed amendment to the law, 1921.....	123
The Silver letter, 1924.....	123
Proposed amendment to permit import combines, introduced in 1924 (rejected in 1928).....	123
1927-40—The Export Trade Section.....	129
Foreign Trade Series No. 2, 1935.....	129
Pacific Forest Industries, recommendations, 1940.....	129
Annual reports of the Commission, 1916-39—publicity statements issued concerning the law.....	131
Procedure under the Act.....	132
Products Exported—Value of Exports, 1920-38.....	133
Number of Associations and of Member Companies.....	135
Types of Organization.....	136
Functions of the Groups.....	138
Serving as export sales agent for the members.....	138
Purchasing the members' products for resale in foreign markets.....	138
Employing agents and directing agents of the members—promoting conferences and agreements in export trade.....	139
Exploitation of members' products abroad.....	139
Agreement upon terms and sales policies in export trade.....	140
Allocation of the export business.....	141
Standardization of products exported—inspection and claims service.....	141
Arranging for insurance, freight rates, cargo space, shipping dates, and storage.....	142
Collecting and disseminating trade information as to market condi- tions abroad, credits, exchange, shipping regulations, foreign laws.....	142
Advantages Derived by Cooperative Effort.....	143
Obstacles Met by Export Associations—Reasons for Dissolution of Some of the Groups.....	145
Future of the Webb-Pomerene Law.....	146
Appendix—Exhibits:	
1. Text of the Export Trade Act (Webb-Pomerene law).....	149
2. List of associations filing papers with the Federal Trade Commis- sion, February 1940.....	152
3. List of associations formed under the act, 1918-39, with names of members and the years in which they held membership—also notes on operation of each association, and if dissolved, reasons for dissolution.....	154
4. First report form.....	234
5. Annual report form.....	237
6. Foreign Trade Series No. 1, 1919.....	240
7. Foreign Trade Series No. 2, 1935.....	251
8. Excerpts from annual report of the Commission, 1937.....	261
9. Excerpts from annual report of the Commission, 1938.....	272
10. Excerpts from annual report of the Commission, 1939.....	284
11. Selected list of references on the Export Trade Act.....	297
Index.....	301

SCHEDULE OF TABLES

PART I

	Page
1. Distribution of 76 cases among 3 groups and 13 types of price policies_	31

PART II

1. Estimate of Foreign investments in the United States, end of 1937---	99
2. Foreign direct investments in the United States, by industries, 1937---	100
3. Foreign direct investments in United States, by principal countries and industries, 1937-----	103
4. Foreign direct investments in the United States, by countries, 1937-----	105
5. Study of international affiliations of American industry based on census of manufactures, 1937-----	106
6. Financial structure of foreign direct investments in the United States, by industrial groups and by geographic areas, end of 1937-----	109

LETTER OF TRANSMITTAL

AUGUST 23, 1940.

The Honorable Senator JOSEPH C. O'MAHONEY,
Chairman, Temporary National Economic Committee,
Washington, D. C.

MY DEAR SENATOR: I have the honor to transmit herewith a study on some phases of *Export Prices and Export Cartels* (Webb-Pomerene Associations). In this volume there are gathered together three reports, two by the Department of Commerce and one by the Federal Trade Commission. When these were submitted to the Subcommittee on Printing and Review of the Temporary National Economic Committee, it approved them for printing with the stipulation that they be combined into one volume, prefaced by an explanatory introductory statement, which I submit herewith.

The field of foreign trade has traditionally been beset with controversies and arguments about tariffs, reciprocal trade agreements, international prices, monopolistic exchange controls, exchange dumping, quotas, barter arrangements, long-term and short-term loans, international combines, and cartels. Businesses on occasion do abroad what they would not or could not do at home. Foreign trade is regarded by some as the happy hunting ground of gigantic international understandings, political controls, economic imperialism, and ruthless competitive warfare with success a matter of national prestige. These studies make intensive probings into but one or two corners of the area ordinarily encompassed by foreign trade. But in those corners they show interesting action patterns of concentration of economic power at work.

Part I is a study written by Dr. Milton Gilbert of the Department of Commerce entitled "A Sample Study of Differences Between Domestic and Export Pricing Policy of the United States Corporations." It explores a most difficult problem for it seeks not only to distinguish domestic prices from export prices but to determine whether such differences as exist reveal the presence or absence in one form or other of economic control.

This task is the most difficult in most instances because there is no single domestic price. There are hosts of domestic prices. The New York price, for example, even of such an article as butter or flour differs considerably from the price in Kansas City or San Francisco. There are many reasons for divergences of prices at home and abroad, differences in no way related to the presence of monopoly or of concentration of economic power, for all prices are local prices subject to local variations in demand, supply, control, taxes, and governmental regulation. It is only in the peculiar instance when the domestic price is high, completely inflexible and completely under control and the foreign price low, highly flexible, and uncontrolled that one can infer

the presence of monopoly solely from a study of differences in price behavior.

When, however, there is incompletely monopolistic control in some markets at home with a great deal of competition in others coupled with partial control in foreign markets, some being exclusively dominated while in others a considerable amount of competition exists, the relationship between any given domestic price and the price in those few foreign markets to which a corporation may have obtained access, is likely not to show any substantial regularity.¹

The converse of the proposition stated above is likewise true. One cannot infer, for example, that competition is present when the price in a foreign market is as high or even higher than in the domestic market. In certain small countries a domestic corporation may readily have a monopoly while suffering competition in the particular domestic market selected by the sample study for price comparison. In short, to come to any conclusion merely on the basis of differences in price is unwarranted. Most of the ready inferences that monopolistic control does not exist because of variability in price pattern are unjustified.

The last two studies constituting parts II and III of this volume deal with the groups that carry on foreign trade, and in particular the form of their organization. Part II, entitled "Direct Foreign Investments in American Industry, 1937," represents a study made by Mr. Paul D. Dickens, of the Department of Commerce, analyzing the extent to which foreign-owned corporations control production in the United States. Part III, entitled "Operation of Export Trade Act (Webb-Pomerene law), 1918-1940," is a study of the Federal Trade Commission indicating how American corporations have united to penetrate the foreign market. Both studies give a limited insight into the operation of combines and cartels in our export and import trade.

The vicissitudes of Webb-Pomerene associations, particularly as illustrated in the copper industry, were studied in detail by the Temporary National Economic Committee in its hearings on Cartels at Home and Abroad. Organized originally as The Copper Export Association, later called Copper Exporters, Inc., these associations, according to Dr. Rudolph Callman, well-known expert on cartels and author of a volume on German cartel law² represent types of cartels well known in national and international industry. The Copper Export Association was simply a joint selling agency. It would be called a syndikat in the German cartel law. The same is true of Copper Exporters, Inc., although the situation is not quite so clear as in the Copper Export Association, particularly insofar as its purpose, instead of being that of mitigating or eliminating competition among its members, seemed to be that of common defense against speculators, who, while neither producing nor consuming copper, were believed to be responsible for artificial and harmful fluctuations in copper prices, particularly in the London metal exchange. But the evidence showing that the major effect was the mitigation of competition among each other was so convincing that I feel no hesitancy in calling Copper Exporters, Inc., a cartel. And may I add that it was thus regarded

¹ On the theoretical difficulties of interpreting differences between export prices and domestic prices, see Theodore J. Kreps, "Export, Import, Domestic Prices in the United States, 1926-1930," *The Quarterly Journal of Economics*, Vol. 46, p. 195 ff.

² *Das Deutsche Kartellrecht*, Philo Verlag, Berlin, 1934, 720 pp.

by all of the writers on cartel problems in Europe. Dr. Robert Liefmann, the famous German expert, in his book entitled "Cartels, Combinations, and Trusts" (London, 1928) goes so far as to say (p. 60) that Copper Exporters, Inc., was "a clear case of export cartels deliberately fostered by the Government of the U. S. A. to the detriment of the European consumer."

The American public may be surprised, if not annoyed, by such a statement. But in European opinion and experience cartels that engage in international trade are generally assumed to be fostered by their governments because cartels are frequently merely another means of international trade policy.

Moreover, Copper Exporters, Inc., is an association authorized by the Government under the Webb-Pomerene Act, which according to the evidence presented in these hearings, was strongly urged upon Congress and the Wilson administration by influential members of the copper industry.

I hasten to add that in European cartel literature and discussions all associations formed under the Webb-Pomerene Act are regarded as export cartels.³

As is brought out in part III of this volume such associations often control 100 percent of the export of their members. Many of them no longer rely on agents abroad, but have substituted well-qualified association agents. Sales in many instances are no longer made on a c. i. f. basis plus letters of credit set up at home, but are made from warehouse stocks carried abroad, thus enabling export sales to be allocated quarterly.

Moreover, such associations often amount to price cartels, the establishment of prices being regarded as a distinct function of the association, prices depending upon economic conditions in each market compared with maximum consuming power of that market under normal conditions. In other words, purchasing power or "what the traffic will bear" is an important factor to be considered with respect to maximum sales. Another factor is competition. Still another is quality and the study of the needs of important consumers in accordance with their processes of manufacturing. Thus prices necessarily fluctuate in different parts of the world, being controlled by innumerable conditions both political and economic. In some instances the return exceeds domestic levels. In others it is about the same and in others it will occasionally be lower. Consequently, many associations work on a final average annual price on behalf of the industry which return is distributed equitably in proportion to each factory shipment.

To some extent such associations become sales and market cartels. Business in many of them is divided among the members on a quarterly basis which is adjusted yearly as provided for in membership agreements. Individual brands may be shipped in the same size packages. Individual trade-marks and names are utilized in conjunction with the standardized association trade-mark. Consolidation of different brands in a single shipment is a common occurrence and is utilized by the association in accordance with its own discretion

³ *Investigation of Concentration of Economic Power*, hearings before the Temporary National Economic Committee, Congress of the United States, 76th Cong., 1st sess., Cartels at Home and Abroad.

either from shipments arriving from different plants or from seaboard stocks. In some instances in the chemical industry, export associations have agreements with international cartels comprising British, continental, and other foreign manufacturers. Certain territorial divisions are required as exclusive one to the other and a certain division of total available business is likewise required, the latter involving percentages in some joint market in contrast to no division in exclusive markets.

One of the main problems that arise in the effective operation of Webb-Pomerene associations is at the same time one of the major problems of a sales cartel; that is, the diversion of merchandise through channels of export outside of the centralized company or association. Independent dealers and brokers and sometimes large-scale consumers cause considerable disturbances in prices and sales by covert activity. Another disturbing factor is export speculation by producers, which may not only be detrimental to sustained effort of the cartel, but may at times cost much in the way of annoyance and reduction of prices in certain areas abroad. Fundamental misrepresentation, under-cover buying, and disregard of the obligation accepted in purchasing also bring about diversion unknown to the association members of domestic tonnage into export channels. There has consequently been some clamor to make it unlawful for any firm or individual to export or to sell for export any commodities of a Webb-Pomerene corporation through channels other than those controlled and maintained by such corporations. This would make it impossible, for example, for purchasers allegedly buying for export to attempt to move the material by steamship here by truck and resell in the domestic market.

An effective cartel or efficient conglomerate of economic power naturally always attempts to get as profitable a rate of return as possible on all business done, whether in the domestic or in the foreign market. Through vigorous organization and through cooperation with foreign cartels, an industry may have an essentially monopolistic hold on both the domestic market and the foreign market. Under such conditions with prices set in the respective markets in accordance with "conditions" and "what the traffic will bear," differences in price have little meaning. Certainly they do not show competition or the absence of monopoly. That can only be determined by studying market organization and market conditions, commodity by commodity, a study which has not been made in this volume.

Respectfully submitted.

THEODORE J. KREPS, *Economic Adviser.*

FOREWORD

The last 10 years have revolutionized thinking about prices. Both in theory and research, the simple "10 cents for an orange" concept of price has given way to a recognition that price is a complicated formula, and that "the law of single price" is limited to very small areas.

For many years, it has been recognized that export prices may suffer from domestic prices. Many countries have antidumping laws to prevent foreigners from selling in their markets too cheaply. In some cases legislation has also been directed against sale abroad at levels below those at which the products are made available to domestic consumers. Both sets of laws recognize that price differences may and do exist.

The present study is directed to the current practices of American enterprises selling both in the domestic and the foreign market. In total, 76 cases were carefully studied. Under an assurance of confidential treatment, the business executives involved were most cooperative in presenting the picture of their actual price practices. While the sample provides a sufficient cross section to illustrate the various policies which are to be found, it does not permit an exact statistical measurement of the importance of each attitude toward the foreign market.

Probably the most important conclusion is that the foreign and domestic markets are frequently not sufficiently unified to require identity of price. And, particularly in his foreign-trade efforts, the businessman appears to have wide scope for exercising his business judgment. It is of further interest to note the case where the businessman cannot clearly declare that his foreign business is as profitable as his domestic. But it is evidently extremely difficult to withdraw from a market as long as the future permits any hope. In many cases, the export business is not regularly tested against any tough profit-or-loss measure, and when it is, does not show satisfactory current results.

Above all, the study indicates the skill required for effective operation in foreign trade. All the problems of domestic selling are present, with certain added complications. It should perhaps be noted that in the face of these complications, our Government has given much less aid than that afforded by our competitors in foreign markets. If we wish to keep our export trade, new policies may be necessary.

WILLARD L. THORP.

PART I

**A SAMPLE STUDY OF DIFFERENCES BETWEEN
DOMESTIC AND EXPORT PRICING POLICY
OF UNITED STATES CORPORATIONS**

Prepared by
MILTON GILBERT

in the
Bureau of Foreign and Domestic Commerce
DEPARTMENT OF COMMERCE

CHAPTER I

STATEMENT OF THE PROBLEM

THE SUGGESTION IN THE PRESIDENT'S MONOPOLY MESSAGE

In his message to Congress which resulted in the establishment of the Temporary National Economic Committee, President Roosevelt reviewed some of the problems facing American industry and offered for consideration some recommendations relative to the strengthening and enforcement of antitrust laws. Under the suggestions for improvement of antitrust procedure the President said:

A revision of the existing antitrust laws should make them susceptible of practical enforcement by casting upon those charged with violations the burden of proving facts peculiarly within their knowledge. Proof by the Government of identical bids, uniform price increases, price leadership, higher domestic than export prices, or other specified price rigidities might be accepted as *prima facie* evidence of unlawful actions.¹

The purpose of this study is to explore the possibilities of one of these suggestions—that concerning higher domestic than export prices. It was felt that the ramifications of the problem would only be revealed by a broad study which would offer a cross-section picture of the export pricing policies of many industries. For without such a study, the perspective required for the formulation of practicable and convincing recommendations to the Congress, if the evidence reveals a need for such action, would be lacking.

For this reason the Department of Commerce has undertaken a study of business practices with regard to pricing for export. It was considered desirable to enlarge the scope of the study beyond what was specified in the monopoly message. It seemed inadequate merely to uncover instances of firms in industries charged with monopolistic practices selling at lower prices to export customers than to domestic customers. For that procedure would assume the basic point at issue; that is, that the ability to practice price discrimination among national markets is necessarily an attribute of monopoly power. Therefore, a comparative study of domestic and export pricing policies of a representative sample of American industry has been attempted. The study embraces firms in industries with many independent business units and firms in industries with few business units; large firms and small; some firms which export a large proportion of their production and others which export only a small percentage of their output; firms with branch plants abroad and firms with only American factories. The emphasis of the study is upon a comparison of domestic and export prices and price policy and the reasons or explanations for any differences which may come to light. It was also expected that some of the characteristics of the price system under which American business operates would be revealed by the investigation.

¹ S. Doc. 173, 75th Cong., 3d sess., *Strengthening and Enforcement of Antitrust Laws*, p. 7.

THE SCOPE AND LIMITS OF THE STUDY

The precise nature of the problem to which this study is devoted may be more clearly understood by noting the following limitations upon its scope.

(a) It is concerned only with goods produced in the United States and with the prices in the American market at which those goods are sold to domestic and foreign customers. The prices of similar goods produced by foreign branches of the firm, or by independent foreign factories, or the price in the foreign market are entirely irrelevant. The study is not concerned with the price the foreign consumer pays for similar goods which were not produced in the United States, or with the prices at which American products are finally offered to the foreign consumer after ocean shipment, payment of duty, retailer's mark-up, etc., have been added to the manufacturer's price. It is concerned only with the producer's prices to similar types of customers under similar conditions of sale. Of course, there are many difficulties involved in obtaining truly comparative prices, the discussion of which is postponed to a later section.

(b) The field survey was limited to manufactured products; non-processed agricultural or mineral products are not considered in the report.

(c) The differences between domestic and export prices which are herein considered are only those differences which are the result of decisions of the manufacturers. Price differences which arise from domestic governmental policy or from differences in distribution service costs not controlled by the manufacturer are evidently irrelevant to the problem. For example, a Government subsidy on exports, an excise tax that is levied on production for domestic consumption but not on exports, drawbacks of duty paid on imported raw materials which are exported after processing, a lower inland freight rate from factory to seaboard on export shipments than on domestic business, might all make the price to an export customer lower than the price to a domestic customer. But as these factors would not make any difference in the net price received by the manufacturer, they are not part of the problem under consideration. In brief, it is the manufacturer's net prices from domestic and export customers which are to be compared.

THE RELATION OF DIFFERENT EXPORT AND DOMESTIC PRICES TO THE MONOPOLY PROBLEM

A brief discussion of the theory of dumping has been injected at this time to show why a study of the practice is relevant to the problems confronting the Temporary National Economic Committee. The most careful writers on the subject have concluded that monopoly is a prerequisite for dumping and it is, therefore, pertinent to inquire whether "higher domestic than export prices might be accepted as *prima facie* evidence of unlawful actions." The many important questions revolving around the meaning of monopoly and competition must be deferred until the differences between domestic and export pricing policies have been surveyed.

It will be recognized that the practice referred to in the President's message, quoting lower prices for export than for domestic customers,

is what is generally called "dumping." The use of that term has been avoided as far as possible because, both in its legal definition and general connotation, it includes much more than will be discussed in this study. But it can correctly be said that we are here dealing with one type of dumping—that which rests upon the sole decision of the producer or seller. This type of dumping may be defined as international price discrimination and includes differences between domestic and export prices in either direction, i. e., higher as well as lower export prices.

Familiarity with economic writing on this type of dumping would reveal the relation between dumping and the monopoly problem and make it clear why evidence of the practice might establish a presumption that a monopolistic situation exists. Prof. F. W. Taussig has stated the relationship as follows:

Sales at lower prices are made to foreigners not only sporadically, but for long periods and systematically. This phenomenon would seem to be explicable only on the ground of monopoly. Where there are competing producers, no one of them will steadily accept lower prices than the other. Each will be desirous of selling in the most advantageous market. There will be dumping of the sporadic sort only, by one of the competitors or by several of them, at times when the total output is not easily carried off at remunerative prices. The more effective is competition, the more standardized the article, the less likely is even sporadic dumping. On the other hand, the more removed the conditions are from those of smooth-working competition—to the degree that there is influence from brands, specialities, quasi-monopoly, complete monopoly—the more is there likely to be departure from a uniform market price, and the more likely is it that discrimination and dumping appear.²

Another explanation of this line of reasoning is given in the widely known monograph on dumping by Prof. Jacob Viner.

In the * * * summary of export dumping, it was made apparent that dumping on other than a sporadic basis was typically, if not invariably, confined to monopolistic producers' combinations. This conforms with theoretical expectations. First, dumping is most likely to appear to be profitable in the case of industries using large plant and expensive machinery, so that the fixed charges are an important part of the total costs of production. For such industries maintenance of output at near maximum capacity is most urgent on financial, and sometimes on technological, grounds. It pays such industries to accept additional orders at any price which more than covers the direct costs, if these orders are not otherwise obtainable, and if full production cannot be maintained without them. But it is in industries having these characteristics that, apart from natural and legal monopolies, monopolistic organization is most likely to be attempted, mainly in order to escape the danger of destructive competition.

Once monopoly control has been achieved in the domestic market, it may pay, if domestic orders do not fully occupy the productive facilities, to bid for orders in other markets at prices lower than those exacted at home. If cutthroat competition results from this policy, it will at least be confined to markets in which the dumping organization is not vitally interested. The mere fact of monopoly control in the domestic market will make it probable that the prices exacted in that market will be above the competitive level in outside markets, and that foreign orders will be obtainable only if the prices quoted to prospective foreign purchasers are lower than the domestic prices. Monopoly in the domestic market would appear for another reason to be essential if continued dumping is to be profitable. If there is competition in the domestic market, the concern which dumps a portion of its output in foreign markets in order to reduce the supply and maintain or raise the prices in the domestic market must bear by itself all the sacrifice involved in the export at reduced prices and must share with

² F. W. Taussig, *Some Aspects of the Tariff Question*, Cambridge, 1915, p. 208.

all its domestic competitors the advantage accruing from the reduction in the domestic supply. Under these circumstances a concern will have as much—or nearly as much—to gain from price cutting in the domestic market as from export dumping. It is only to a monopoly that export dumping has attractions greater than those of moderate domestic price cutting.

It is on grounds such as these that it has been held by many economists that dumping as a systematic and continued practice must normally be confined to monopolies.³

The essence of this argument is that unless there is some type of monopolistic restraint in the domestic market, some restriction upon the normally competitive pricing mechanism, it will not be to the economic advantage of any single producer to accept the loss or lower profit involved in selling to foreign customers at less than the domestic market price. For if the producer must make a price concession to sell his total output, an offer of a lower price in the domestic market would be just as effective in clearing his stocks as would the offering of lower prices for export shipments. But when some monopolistic element of whatever character is injected into the domestic market—some factor which prevents price from performing its usual function in a competitive market—then excess stocks may be accumulated or productive capacity remain idle. Under such circumstances the export price may be reduced in order to clear excess stocks or to employ unused capacity. This could occur whether the export markets were competitive or monopolistic.

Thus, the existence of a two-price system would be indicative of some impediment to competition in the domestic market. A situation that would conform to this picture is that of a group of producers having a tacit or explicit agreement with regard to price in the domestic market but no such agreement with foreign producers as to export prices. The monopoly price so established yields an abnormal return in the sense that some of the producers would accept additional business at lower prices if it could be obtained without upsetting the existing price situation in the domestic market. As there is no restriction on competition in foreign markets, a competitive export price is established which is lower than the monopoly price in the domestic market. Such is the basic type of situation that is generally conceived to lead to the practice of dumping. The primary purpose of this study is to see if the facts in the business world conform to this theoretical picture.

From this picture it can be seen why economists have insisted that another fundamental factor, in addition to an element of monopoly in the home market, is required to make dumping possible. This factor is protection of the home market, for in order for the domestic monopoly to be effective, the competitively priced products in the foreign markets, originating either at home or abroad, must be prevented from breaking the domestic monopoly price. It is generally conceived that high protective tariffs are the commonest and most effective means of excluding competitively priced goods from the home market. But freight costs, if they are large in proportion to the value of the product, may be equally restrictive. Besides, the manufacturer may have agreements with distributors, even with those in the foreign market restricting them from reshipping the goods to the United States.⁴

³ Jacob Viner, *Dumping: A Problem in International Trade*, Chicago, 1923, pp. 94-95.

⁴ See Gottfried Von Haberler, *The Theory of International Trade*, New York, 1936, p. 301.

CHAPTER II

EARLIER STUDIES OF EXPORT PRICING POLICIES

There is considerable evidence that for many years American industry has sold its products abroad at other than domestic prices. That evidence, however, is not very satisfactory in revealing the extent of the practice, the magnitude of price differentials, or the economics of the problem. While a few official inquiries were made, the information disclosed is not sufficient to answer the questions of major interest. But as to the mere existence of price differentials for some products there can be no doubt.¹

One of the earliest notices of exporting at lower than domestic prices in official publications was made in regard to the steel industry and its effect upon shipbuilding in a monthly statistical bulletin formerly issued by the Treasury Department.

The progress of work on shipbuilding in the United States has likewise been retarded, because makers of steel materials required a higher price from the American consumers than they did from the foreign consumers for substantially similar products. Of course, American exporters have to get foreign contracts in competition with foreign plate makers, who are excluded from our domestic market. In addition to this, American export plate makers are interested in preventing the establishment of plate manufacturing in their customer nations abroad, and to that end bid low enough to discourage foreign nations from entering the field for producing their own plate at home. The progress of domestic manufacturers of iron and steel goods may likewise be handicapped by the sale of iron and steel in their unmanufactured state at so much lower a price to foreigners than to domestic consumers as to keep the American competitor out of foreign markets generally. The natural limit to such a policy of maintaining a higher level of prices for these materials at home than abroad is found in the restriction of domestic consumption and in the import duty. If restriction of consumption at home does not operate to prevent the short-sighted policy of discrimination against domestic development of manufacturing industries, the other contingency is more or less sure to arise, namely, the demand for a reduction of the tariff on unfinished iron and steel, in order to equalize the opportunity of makers of finished products in foreign markets. To this policy the domestic consumer is usually ready to lend himself, thus making a powerful combination of interests to set limits to the rise of domestic prices of iron and steel materials.²

The first attempt at a systematic study of the problem was made by the staff of the Industrial Commission and presented in its report "Foreign and Domestic Prices of American Products."³

The report stated that, "In view of the frequent assertion that exporters of American-made goods often sell them in foreign countries at lower prices than are obtained for similar goods at home, the Industrial Commission has endeavored to secure from the business interests of the United States a full and frank statement covering the efforts

¹ Jacob Viner, *Dumping: A Problem in International Trade*, Chicago, 1923, pp. 80-90.

² "Monthly Summary of Commerce and Finance," August 1900, p. 250, Bureau of Statistics, Treasury Department.

³ Report of the Industrial Commission, 1901, vol. XIII, pp. 725-760.

made to extend consumption of products in foreign markets." The information was obtained directly from industrial firms by questionnaire on a voluntary basis and under a pledge by the Commission that answers would be treated as confidential.

The Commission sent its questionnaire to 2,000 firms, of which about 715 replied; 416 answers were from firms engaged in exporting and approximately 300 from firms which stated that they had no export business.

The method used to obtain information, the failure of the Commission adequately to define price and to specify the difference in the type of customer in domestic and export markets, leave the conclusions that can be drawn from this study open to doubt. It was concluded that "The great majority of the answers indicated that prices are no lower abroad than they are for domestic customers, and a considerable number indicate that foreign prices are higher." As to just what is meant by "foreign prices" there is no great clarity. For example, in discussing the replies received from textile firms, it was stated that "Of the 18 establishments answering the schedules, 13 report that foreign prices, or the prices in foreign markets, are not lower than those in domestic markets." Because of the confusion that must have existed as to exactly what prices were being compared, a statement of this character has little meaning except that it does show that there were five establishments reporting that "foreign prices, or the prices in foreign markets" were lower than those in domestic markets. The writer can state from actual experience that when the question, "Do you sell in foreign markets for a price less than that charged for exactly similar articles in the United States?" is put baldly to business executives, the answers received are seldom based on a comparison of f. o. b. factory prices to similar classes of customers.

Further evidence of the confusion that arose from the wording of the questionnaire is apparent from the answers given to a question on the reasons for differences in prices. Of the reasons of a permanent nature "to which are ascribed the greatest importance are those of cash payment and large purchases in foreign trade, whereas the domestic trade is based on credits and small purchases." And next in importance would seem to be "the drawback or rebate of the tariff on imported raw material of goods manufactured for export and "where an allowance is made from the internal revenue duties in case of exported goods." Of course, as ordinarily conceived these cost differences are not differences in prices at all.

The inadequacy of the study led to different opinions of the importance of the practice, both as to its extent and its significance. In its final report the Commission stated that "In about 20 percent of the cases covered by the Commission's returns, the export prices have ruled lower than those charged to home customers." The Commission did not think the practice was confined to the trusts but that it was quite common "on the part of the separate establishments as well as of combinations." And it concluded that "It is probable * * * that when the export prices have been at cost the result has been by keeping the plants fully employed, to hold the prices to American consumers lower than would have been possible otherwise."⁴ This conclusion

⁴ Final report of the Industrial Commission, 1902, vol. XIX, pp. 626-627.

was based on testimony of interested witnesses rather than on an impartial economic analysis of the problem.

It is not surprising that in a supplementary statement by Thomas W. Phillips entirely different conclusions were reached:

There are a large number of industries in which it is in evidence that the domestic price is much higher than the export price. I do not agree that the answers to inquiries addressed by the Commission to exporters indicate that the trusts are not chargeable with this practice to any serious extent. Out of 2,000 schedules of inquiries sent out, there were received only 416 replies, and only a very few of these replies came from corporations known popularly as trusts (vol. XIII, p. 726). The fact that about 75 answers indicated lower prices abroad than at home is significant, when it is noted that more than four-fifths of those addressed failed to answer, and that naturally those who are chargeable with such discriminations would be the ones who would decline to reply.

Several witnesses before the Commission on behalf of the trusts admitted that their export prices were lower than their domestic prices, but they contended that this was necessary in order to work off their surplus and to keep their establishments running full time, and that all manufacturers in all countries do the same. This argument overlooks the fact that their surplus products could also be worked off by lower prices at home, and that it is the tariff which encourages them to cause a domestic surplus by restricting domestic consumption through high prices.⁵

Among the Commission's recommendations is included the following statement relevant to this problem:

That, in view of the extent and perfection of our manufactures, of our growing export trade and the sharp competition it encounters in foreign markets, of the practice by some exporters of making lower prices abroad than at home, and of the desirability of protecting the consumer as well as the producer, without awaiting other legislation, the Congress provide for a commission to investigate and study the subject, and to report as soon as possible what concessions in duties may be made without endangering wages or employment at home, what advantages abroad may be obtained therefor, and also to suggest measures best suited to gain the ends desired.⁶

A more extensive report on comparative domestic and export prices was prepared for the New York Tariff Reform Club and reprinted in the Congressional Record of June 7, 1906.⁷ The report stated that the great bulk of our exports of manufactured goods, which amounted to \$452,000,000 for the year ended June 30, 1904, were sold to foreigners at prices much lower than those prevailing in this country. It was estimated that 85 or 90 percent of our exports at that time were sold at an average of 20 percent less than domestic prices.

After summarizing the available evidence in official sources to support this charge, an extensive table of comparative prices was presented which showed export prices to be substantially below domestic prices for a large variety of manufactured goods. The price comparison suffers from two defects. First, the report does not name the firms to which the prices refer or give any other evidence of their authenticity. In an unofficial report, some proof of the accuracy of the data would be desirable. Second, no effort was made to adjust prices for any difference in terms and conditions of sale or for differences in costs that might have existed. The domestic prices seem to be wholesale prices, but it is not clear to what class of customer the export prices refer. The bulk of them are presumably prices to export commission houses, which handled a much larger volume of our export

⁵ Vol. XIX, p. 663.

⁶ Vol. XIX, p. 651.

⁷ Congressional Record, vol. 40, pt. 8, 59th Cong., 1st sess., pp. 8024-8033

business in those days than at the present time. In that case the manufacturer would have had no selling burden on his export business and some differential between the domestic and export prices was to be expected. The report is therefore, not conclusive as to the size of the differential between domestic and export prices, and no doubt overestimates the percentage of exports sold at dumping prices.

The Secretary of Commerce and Labor was directed by a Senate resolution of December 16, 1908, to supply as much information as he could regarding American manufactures which were sold for lower prices in foreign markets than at home. Two reports were submitted to the Senate.⁸

The difficulties of the task were apparently realized.

To secure the information contemplated by the resolution of the Senate, and arrange it in form that would present the facts in a satisfactory manner, would require the services of a person who has had experience in active business and who has practical acquaintance with industrial and mercantile affairs, including knowledge of methods employed in the preparation of goods for shipment, charges and expenses that are incidental to transportation, entrance, clearance, discounts, credits, and the like. Thorough equipment of this character is deemed essential to proper and impartial investigation. Ascertainment of prices at which articles are sold is simple, requiring no special knowledge; but to ascertain causes for prevalent prices or conditions that may be abnormal and to weigh these causes impartially would require the services of a man competent for such work.⁹

Prices of United States goods in several foreign markets were submitted in the reports but no comparative prices for the domestic market were offered. The prices were reported by special agents with general comments to the effect that prices in the foreign markets were not lower than prices for similar goods in the American market. Nowhere in the reports are comparisons made of the manufacturers' prices f.o.b. mill for foreign and domestic trade.

On May 27, 1926, the Federal Trade Commission submitted a report on "Alleged Violation of Anti-Trust Laws by Combinations Being Formed Abroad by American Firms and Alleged Dumping of American Goods in Foreign Markets."¹⁰ The study was made in response to a request dated March 24, 1925, by a group of Senators who asked "whether in any cases American goods are sold cheaper to foreign customers as a means of maintaining the prices of such goods manufactured in the United States, than to American consumers."

The report states that "a general survey has been made of the principal commodities exported from the United States * * *. Personal inquiries were made of concerns engaged in interstate and foreign commerce." A summary of the replies received in response to the inquiry is presented which consists of a detailing of the various types of policies found. There is no indication of the prevalence of various policies and little mention of the industries which use the policies.

In a concluding statement the Commission states:

No evidence has been found of an intention to export at lower prices as a means of maintaining high prices in this country. On the contrary, exporters contend that when the export price is lower, exportation is of great advantage to the industry and to the public, because it serves to stabilize

⁸ S. Doc. No. 6, Manufactured Products Sold in Foreign Markets at Lower Rates Than in American, pts. 1 and 2, 61st Cong., 1st sess.

⁹Ibid, pt. 1, p. 2.

¹⁰ Mimeographed.

production, providing an outlet for surplus, preventing the closing down of mills and mines when the domestic demand is temporarily slackened, and resulting in lower production costs and, consequently, lower prices to domestic purchasers. * * * From the standpoint of the American producer or manufacturer, two arguments against dumping are suggested by concerns to which this inquiry was presented. It is insisted that goods are not dumped (1) because it would be an injury to the company's domestic trade through loss of good will of the American consumer, and (2) because it would be an injury to the company's foreign trade which can only prosper in the long run by establishing permanent foreign markets * * *. It is also claimed that "regular" exporters, those selling in large quantities and expecting to stay in the business, are selling at regular intervals and generally at higher prices to foreign customers than to domestic; that the practice of dumping surplus into foreign markets at irregular intervals and at low prices is used less and less frequently and will continue to diminish as our foreign trade develops.

The best study and the only recent one of a comparison of domestic and export prices was that of the agricultural implement industry made by the Federal Trade Commission. Considerable care was exercised to obtain comparable prices—that is, prices which refer to the same commodity under similar terms and conditions of sale.

The Commission found several instances of sporadic dumping. Goods were shipped abroad and because of some change in business conditions could not be sold at the anticipated price. Prices were, therefore, cut in order to move the stocks as reshipment to the United States would have been unprofitable. The bulk of the exported goods, however, was found to be sold at the same prices as similar goods in domestic sales.

Other bits of information on dumping from the United States in earlier years are available, but enough has been given to indicate its general character. A good portion of it is inconclusive as the prices compared are not really on a comparable basis. It is furthermore of little value for the present study because the bulk of the information refers to conditions of 20 years or more ago. The only study of recent years is that of the Trade Commission on agricultural implements. Thus, it was necessary in the present study to obtain from business firms the primary data for the comparisons of domestic and export prices.

CHAPTER III

SCOPE OF THE FIELD STUDY

It is evident from this brief summary of previous studies of the problem that available knowledge of the subject would be inadequate for the Committee's needs. In addition to inaccuracy and inconclusiveness, the data from previous studies do not cover current business practices. Nor are they addressed precisely to the problem in a way that makes them adequate for present purposes. It was, therefore, necessary to make a field survey of the current price policies of business that would contrast domestic and export prices.

For two reasons it was considered essential that the information industry could furnish be obtained by personal interview with the appropriate business executives rather than by relying upon a mailed questionnaire. The probability is that returns to a questionnaire would come primarily from firms which did not have lower export prices and thus bias the sample. Furthermore, the character of the information required is such as to make it unlikely that accuracy could be obtained except by interview. This is due to the difficulty of framing a set of questions which would leave no doubt of the precise information desired with resulting indefiniteness in the answers.

The data were obtained through conversations with the executives of each business concern rather than by sifting the evidence out of the business records. The reasons for this are that an executive can answer in a short time questions which the records could reveal only after weeks and even months of work and, furthermore, certain information was desired which would not appear in the records. As the study was designed to be qualitative in character, rather than an actual statistical measurement of differences in prices, the desired data could more quickly be obtained by this method.

In order that business executives might feel free to speak frankly about the policies of their firms and be under no apprehension of unfavorable reactions upon their particular business, it was guaranteed that all information provided the investigator would be confidential as to the source, and that nothing would be published to reveal the identity of any firm. It was relatively easy for the investigator to arrange the order of his questions so as to assure himself that they were being answered to the best ability of the business executive. It must be emphasized, however, that the analysis of the cases presented in the study and the conclusions reached by the investigator were made independently and are not the undigested opinions of business executives. In some cases the persons interviewed might not agree with the conclusions of the investigator.

On this basis a study was made of the practices of what might best be called 76 cases. They are called cases rather than companies or corporations because the study often cuts across the complications of corporate structure. The purpose of this classification was to in-

clude as a unit for discussion the relevant domestic and export price policies for a particular product, or related group of products, regardless of whether this involved more than one corporation or only part of a corporation. For example, a company may have its export department incorporated separately, but both corporations are considered as one case for this study. An export house may handle the export business of as many as 40 independent producing companies on an agency basis or otherwise, but the combined pricing policies are counted as one case in this report. Several of the cases are Webb-Pomerene export corporations formed by a group of domestic concerns. Each of these corporations and its group of producing members was counted as one case. On the other hand, one corporation may have two or three producing departments, each making a different line of products, each having its own export division, and each determining its selling and pricing policies in accordance with the conditions of the industry of which it is a part. The ideas of the central management may have little effect upon the price policies of each department. In such circumstances each department may be a separate case for the purpose of this study.

An attempt was made to select a sample which would illustrate as many type situations as possible. The only characteristic which all the cases have in common is that in each an active effort is being made to secure export business. The volume of export business obtained and the proportion it bears to domestic business varies considerably. Many types of industries are represented and many types of marketing procedures. Some are giant corporations and some are moderate-sized businesses. Some are known to be operating under a noncompetitive price system in the domestic market, while others are generally considered to be operating in highly competitive industries. Some are parts of world-wide organizations with plants in many parts of the world, while others obtain their export business through agents in foreign countries without the aid of traveling representatives. The manufacturing plants are widely distributed throughout the United States with the executive or export offices located in New York, Philadelphia, Pittsburgh, Wheeling, Chicago, Buffalo, Niagara Falls, and Rochester. The diversity of the product sample may be appreciated from the following list of the principal products of the concerns studied:

FOODS

Flour.	Branded food products.
Packing-house products.	Canned fruits and vegetables.
Evaporated and condensed milk.	

TEXTILES AND THEIR PRODUCTS

Cotton yarn.	Girdles.
Mercerized cotton yarn.	Women's gloves.
Silk knitting yarn.	Pajamas.
Rayon yarn.	Textile finishers.
Cotton and rayon piece goods.	Men's collars.
Cotton staples.	Men's shirts.
Cotton, turkish. and huck towels.	Neckties.
Silk hosiery.	Felt hats.
Men's cotton hosiery.	Caps.
Bed sheets and pillowcases.	Straw hats.
Cotton and wool blankets.	Handkerchiefs.
Women's underwear.	Sanitary napkins.

MACHINERY AND TRANSPORTATION EQUIPMENT

Automobiles.	Conveying machinery.
Trucks.	Household electrical equipment.
Adding machines.	Household electrical appliances.
Calculating machines.	Wood building machinery.
Listing machines.	Tractors.
Typewriters.	Sewage-disposal machinery.
Accounting machines.	Machine tools.
Radios.	Air-conditioning equipment.
Phonographs.	Heating and ventilating fans.
Radio tubes.	Sewing machines.
Commercial radio equipment.	Diesel engines.
Theatrical recording equipment.	Scales.
Theatrical reproducing equipment.	Electrical machinery.
Dyeing machinery.	Electrical refrigerators.
Compressors.	Industrial motors and generators.
Pumps.	Electrical supplies.
Elevating machinery.	Electrical light lamps.

CHEMICAL AND ALLIED PRODUCTS

Pharmaceutical specialties.	Lacquers.
Chemicals for the drug trade.	Enamels.
Pharmaceuticals.	Industrial explosives.
Biological products.	Sporting powders.
Home necessities.	Chemical products
Vitamin products.	Heavy chemicals.
Bulk drugs.	Carbon products.
Automotive chemicals.	Ink ribbons.
Insecticides.	Automotive lubricants.
Industrial lubricating oils and greases.	Reagents.
Textile assistants.	Abrasive grains.
Chemical specialist for heat treatment, processing and finishing of metal products.	Photographic chemicals.
Paints.	Cosmetics.
	Writing inks.

GLASS, STONE, AND CLAY PRODUCTS

Glass bottles and jars.	Plaster wallboard.
Glass tableware.	Acoustical tiles.
Tumblers.	Structural insulating board.
Safety glass.	Lime.
Plate glass.	Plaster.

METAL PRODUCTS

Pipe fittings.	Hand saws.
Flush valves.	Band and circular saws.
Plumbing fixtures.	Tools.
Valves.	Metal lath.
Heating equipment.	

PAPER AND ALLIED PRODUCTS

Paper towels.	Cleaning tissues.
Paper and stationery specialties.	Toilet tissues.
Craft board.	Insulation board.
Writing paper.	Reinforcing building paper.
Printing trades paper.	

MISCELLANEOUS

Men's shoes.	Commercial measuring instruments.
Phonograph records.	Ophthalmic instruments.
Cork products.	Film projectors.
Leather belting and packing.	Cameras.
Cigarettes.	Photographic supplies.
Mining and industrial safety appliances.	Abrasive equipment and supplies.
Industrial instruments.	Refractory products.
	Laboratory apparatus.

The reader will note that while this list covers many of the items which are important in our exports of manufactured products, there are many omissions. There were three reasons why the list is not more comprehensive. The omissions which appear most conspicuous are due to the fact that these industries are being studied intensively at the present time by other executive agencies represented on the Temporary National Economic Committee. Either these studies will include a comparative analysis of domestic and export prices or else it appeared undesirable to impose too great a burden on a small group of concerns by requesting data for two studies at once. Any other omissions are the result as much of chance as of any other factor. The purpose was to get sufficient coverage to reveal the basic problems which create price differences. Diversity of industry in the sample was desirable in order to give assurance that no important problems were omitted. But when it was felt that the types of situations existing in industry were rather thoroughly covered, the sample was considered sufficiently large. It is, therefore, to a large extent, accidental that some products rather than some others are in the list.

It must be stressed that the emphasis in this report is not upon the price policies relating to particular products but upon the types of policy that businessmen use and find effective. A sample of 76 cases cannot possibly be decisive as to what products have lower export prices or higher export prices, although it might be revealing as to what proportion of our export trade is sold at other than domestic prices. Before long it will be apparent to the reader that in many cases a product sold in a particular way by one manufacturer may be sold under an entirely different policy by another manufacturer. All that one can expect to do with the limited sample under review is to illustrate the various types of situations and, insofar as is possible, to find the basic conditions determining those situations.

CHAPTER IV

THE PROBLEMS INVOLVED IN COMPARING DOMESTIC AND EXPORT PRICES

Anyone examining the invoices of most manufacturing establishments covering the sales of a particular product for even as short a period as a month will find a bewildering array of prices which might appear incapable of comparison. The complexity of the comparability problem will be evident in the existence of different prices to retailers, wholesalers, distributors, and other manufacturers, f. o. b. prices and delivered prices, quantity discounts, advertising allowances, varying credit terms, combination offers, f. a. s. prices, c. i. f. prices, agents' commissions, packing charges, or the nominal prices used to record transfers of the products to subsidiary companies at home or abroad. This confusing assortment of invoice prices attests to the fact that a price usually includes some service or group of services as well as the product itself and makes it clear that a very careful definition of price must be formulated before meaningful comparisons between domestic and export prices can be made.

One might expect that precise definition would be found in the vast body of antidumping legislation that exists throughout the world. But the standards of price equality which are elaborated in antidumping legislation are generally inadequate for our purpose. They cover a variety of practices or types of dumping which have no relation to this study and, furthermore, the definitions are in such general terms as to have little meaning unless implemented by many administrative regulations. The general character of antidumping legislation can be seen from the following summary from a report of the Federal Trade Commission of usual provisions for which dumping duties will be imposed:

(1) Goods imported at prices less than the "domestic value," "market prices," or the "fair market value" in the country of manufacture or export plus expenses incident to packing and transportation.

(2) Goods imported at prices less than the cost of production in the country of origin, or less than the cost of production of similar goods in the country of importation.

(3) Importation of goods sold at "less than a reasonable price," or at "an unfair price."

(4) Importation on consignment, of goods which may be sold at less than a reasonable price.

(5) Importation of goods freight free, or at ballast rates of freight, or in subsidized ships at rates of freight lower than the freight rates prevailing at the date of shipment.

(6) Importation from a country in which the exchange value or currency has depreciated, resulting in prices detrimental to industries in the country of importation.

(7) Importation of goods upon which a bounty, bonus, rebate, or subsidy has or will be granted in the country of production and/or exportation.¹

¹ Federal Trade Commission, "Alleged Dumping of American Goods in Foreign Markets," 1926, pp. 16-17. (Mimeographed report.)

More pertinent definitions can be derived from the economic monographs on dumping which have classified the various kinds of dumping and discussed in specific terms dumping by the producer. Professor Viner, for example, defines dumping as "price discrimination between national markets."² In explaining the meaning of this definition he makes the following comments:

In the definition of dumping presented above the term "price discrimination" was intentionally used in preference to the milder phrase, "sales at different prices." In the growing literature on unfair competition there are traces of a tendency to apply the term "price discrimination" only to such instances of sales at different prices to different purchasers as are not readily to be explained by differences in the conditions and terms of sale governing the different transactions. Given this interpretation, "price discrimination" may, in fact, result from the quotation of identical prices without adjustment for differences in the terms and conditions of sale. In international commerce the sale at different prices to purchasers in different national markets is to be regarded as price discrimination, and therefore as dumping only if the different prices are quoted simultaneously for identical or substantially identical commodities offered for sale under similar conditions and terms, or, where these last are not similar, only if the price differentials embodies what is either more or less than a reasonable allowance for the differences in conditions and terms.³

Thus it is obvious that quoted prices may be different, and yet that this difference be due to mere differences in the conditions and terms of sale. On the other hand, similar prices may be quoted which conceal an actual price difference because the conditions and terms of sale are different.

Hence it is essential in comparing domestic and export prices that the terms and conditions of sale in both cases be identical or else that appropriate adjustments in quoted prices be made for any differences that might exist. The reason for this is that differences in terms and conditions of sale often arise out of differences in costs to the business organization, and it is an established principle that differences in invoice prices are not discriminatory when they reflect differences in costs. Thus, in order to put domestic and export prices on a comparable basis, adjustment should be made for all differences in costs as between the two spheres of operations. Furthermore, to be consistent the adjustment of invoice prices for differences in costs should be made even if the invoice prices are identical. For example, if an export shipment required an extra packing cost of \$10, then \$10 should be deducted from the export price when comparing it with the domestic price. If the invoice prices were identical before the adjustment, then there is a price discrimination of \$10 in favor of the export customer. But if the export customer had been billed for the packing cost, domestic and export prices would be equal for the purposes of this comparison.

The differences in the conditions and terms of sale which usually involve differences in costs and which should be allowed for in price comparisons, are primarily freight costs, duty or tax refunds on exports, the length of credit terms, extent of credit risks, the size of orders, packing costs, difference in the selling costs required to get the business, and difference in the service facilities offered in different markets. Therefore, in order to assure that domestic and export prices

² Viner, *op. cit.*, p. 3.

³ *Ibid.*, pp. 8-9.

are comparable, the following conditions should be fulfilled, or appropriate adjustments in the quoted prices should be made.

(1) The price comparison should be made for products which are identical. If there is any special manufacture required for exports, the cost must be added to the price.

(2) The comparison should be of prices quoted on the same date or during a period in which neither the domestic nor the export price changed. Using the date of shipment can be misleading, for there may have been a price change since the sale was made.

(3) Any rebates to the producer from duties or excise taxes paid must be deducted from the export price; or if exports are exempt from such taxes, their price should be lower by the amount of tax.

(4) The comparison should be made on an f. o. b. factory basis with all freight allowances deducted.

(5) The cost of extra packing required for export should be allowed for in the export price.

(6) The comparison should be made between prices quoted to similar types of customers in the domestic and foreign markets; i. e., both prices should be prices to wholesalers, to distributors, to retailers, or to other manufacturers. It would obviously be incorrect to compare a price to retailers in the domestic market with the price to wholesalers in the export market.

(7) The price comparison must be made for orders of similar size.

(8) If the credit risk is greater in either market, it should be allowed for in the price.

(9) If engineering or other services are supplied without charge in the domestic market and not abroad, the cost of such services should be deducted from the export price.

(10) Differences in advertising and selling costs should be allowed for in the price.

(11) Differences in quantity discounts or credit terms offered to customers in both markets should be considered to be differences in prices.

If commodity prices, adjusted for all of the foregoing factors which were applicable, could be obtained, they would provide an accurate basis for comparing domestic and export prices and determining in which cases export prices were higher, lower, or identical with domestic prices. In other words, it is the factory net, or mill net, on domestic and export sales that should be compared. Such adjusted prices represent what might be called the ideal basis of comparability.

This conception of ideal comparability obviously derives from the conditions which prevail under highly competitive conditions. In an industry which approximates a condition of pure competition one finds that virtually every productive operation and every distributive service required to produce the commodity and get it into the hands of the consumer is performed by a different group of individuals or business concerns, insofar as a division of functions is technically feasible. Each functional group of individuals or firms adds only one link to the productive process and, therefore, each function is individually priced. A buyer pays only for that combination of functions which he requires. In some cases where one individual performs several functions there are competing groups who are willing to render each of the several services so that the buyer has a standard of comparison that enables him to evaluate the worth of the combined services offered him. Each service in the entire chain has its price and it is quite simple to compare the prices which various buyers, such as domestic and foreign, pay for each service and to see if they are equal.

It is, of course, in the standardized, or accurately graded, commodities which are produced by a large number of unorganized producers

and sold to a large number of unorganized buyers that one finds the nearest approach to the concept of pure competition. The organization of the productive and distributive process of wheat, cotton, apples, and truck crops are typical examples of a high degree of competition in the contemporary economic system. The farmer concentrates his attention almost exclusively on one function—growing the crop. If he also delivers the product to the railroad station, local grain elevator, or nearby city market, he performs this service for his entire product—all customers get the benefit of it. The selling function is undertaken by independent commission men, and the price of this service is determined independently of the farm price of the product. The major transportation function is performed by another group of individuals and is priced independently of the previous services. And so on through the entire process each function—storage, grading, milling, financing, and so forth—has a distinct group of individuals offering only one of the services which the final user pays for when he buys the product delivered to his place of business. The price of each service all along the line is independently determined and is well known. The user has the privilege of entering the productive process at any stage and of paying only for those functions that have actually been executed. The price of wheat is lower in Chicago than it is in New York because the New York price must include the cost of transportation from Chicago to New York, which is fixed and paid for independently of the price of the wheat without transportation. A buyer in Buffalo will not pay the New York price because he has the alternative of buying in Chicago and shipping to Buffalo at a total cost which will be less than the New York price. Similarly, the price of flour is higher in 1-pound bags than it is in barrels because there are millers who perform only the one function while others perform both, and the consumer has the opportunity of buying from either. Thus, putting the flour into 1-pound bags is an independently priced function. The differentiation of function which arises from a multiplicity of producers and a multiplicity of buyers acts to establish an independent price for each service in the productive process, and thus makes possible a comparison of prices between markets for exactly the same group of services.

Not all agricultural products exhibit this minute separation of functions, because there is a high degree of concentration either of selling or buying at some point in the distributive system. And, of course, in most manufacturing industries the productive process is highly integrated, even in what is usually thought of as nonintegrated industries, so that the buyer at any stage in the production-distribution process is offered a variety of services with little choice of specifying precisely those which he wants. Generally speaking, the nearer the product gets to the ultimate consumer, the more functions are tied up in the price and the less choice the buyer has of sorting out and paying for the exact functions that will meet his needs.

For example, a department store will generally offer the buyer a commodity at a price which includes a charge-account privilege, gift packaging, free delivery, and exchange services if those are desired, but does not give a special price to the customer who takes none of these services. Similarly, many manufactured products are priced to include a variety of services and often no allowance is made if the buyer does

not avail himself of the services. The export price may be set to include a somewhat different group of services and it may be impossible or impracticable for even the manufacturer to compare the two prices by trying to make the two groups of services equal. There is no independent price for each service, and it is often impossible and meaningless to assess a monetary value for it.

It might seem that, although the combined services included in the selling price are not priced independently, they must have separate and determinate costs, and that a comparison on the basis of costs would be feasible. But the costing problem is highly complex. In some cases it is impossible to allocate costs, except by arbitrary methods which have no reality but in the accountant's mind, while in other cases the expense of doing so would be greater than any benefit the businessman could derive from the expenditure. These two difficulties, joint cost allocation and the expensiveness of costing minor items of expense, interpose serious obstacles in the way of a statistical application of the conditions previously listed as requirements of price comparability. A brief discussion of the difficulties encountered in applying some of these conditions will illustrate the nature of the problem.

Differences in the Domestic and Export Products.

In many cases a manufacturer must adapt his product to meet the needs of various export markets. The right-hand drive on automobiles, keyboard adjustments on typewriters, foreign-language labels on pharmaceutical products, and different-colored bands on hats are interesting examples. Any of these changes must involve some addition to costs, but just when the charge is substantial enough to warrant an addition to the price is something that even the manufacturer cannot always answer. The automobile companies regularly charge extra for right drive; the typewriter companies do not charge for keyboard adjustments; the hat manufacturer does not charge for style adaptations; one pharmaceutical house computes the cost of manufacture of foreign-language containers, while another pastes a label in the appropriate language over the English printing and does not charge for this service. In some cases the adaptation of the product involves a cost large enough to be allocated and added to the price, but in other cases the added cost is too small to bother with. Even where the manufacturer knows that the cost is substantial, it is not always computed separately, for in some instances the foreign market price will not allow the extra cost to be added to the domestic price.

The rule adopted in this study has been to accept the manufacturer's estimate of the cost of special manufacture. If he considered the cost substantial, then it was assumed that he should make a price adjustment for it, and that if he did not adjust the export price he was then offering a lower price for export. Costs that were too negligible for the manufacturer to conceive as warranting a price adjustment were ignored for the purpose of the price comparison.

In some cases the firms make an entirely special product for the export market. The short-wave radios manufactured for the Latin American market are a conspicuous example. It was found that the manufacturer usually knows whether the profit margin included in the price of such products is larger or smaller than the customary margin in his domestic product. The export price was counted as higher if

the profit margin (in percentage terms) was larger, and lower if the profit margin was smaller.

Some situations, however, present difficulties which defy solution in such simple terms. The problem of a manufacturer of black and galvanized pipe fittings, among other things, is an interesting one. Pipe fittings are made in a very large assortment of styles, shapes, and sizes and the entire assortment is made in two thread styles, American and British. In the domestic market only the American thread is used, while both American and British threads are exported. A domestic and export price comparison for the American thread fittings presents no peculiar difficulties. But how is one to compare the export prices of the British style fittings with the domestic prices of the American? While both types include the same range of shapes and sizes, the price structures are entirely different. The British thread price structure originated with European manufacturers and an American producer must meet those prices if he is to get any business. The two price structures differ in that the price range of any particular product (as an L or union) from the smallest to the largest size is much greater for the British than for the American thread. The smaller sizes are cheaper and the larger sizes dearer for the British than for the American thread. The smaller sizes are produced and used in much larger quantities than the larger sizes—this larger production undoubtedly being the reason for their low prices in the British thread price structure. But the American producer believes that if he sold only small sizes at the British thread prices he would lose money, and if he sold only large sizes the profit would be substantial. Of course, a manufacturer must offer the whole range of sizes in order to meet the needs of his customers. It would obviously be very difficult to compare the two price structures even if one made the simplifying assumption that factory costs for the same size of a product were identical (which is not at all likely because they are produced in different quantities). The weighted average price in relation to weighted average costs would have to be the basis of comparison, but these averages would change from day to day or month to month as different quantities were produced and sold. And with the tremendous variety of shapes and sizes involved the expense of detailed record keeping would be prohibitive. An additional difficulty is the fact that the price changes in the two systems do not occur at the same time and are not always in the same direction as one arises from European conditions while the other arises from American conditions. All things considered, one must agree with the manufacturer that the British and American thread prices are not comparable.

Comparison of Prices Quoted on the Same Date.

There is ordinarily no problem in obtaining domestic and export prices as of the same date. In some cases, however, frequent price changes are usual in the domestic market; new price lists are sent out once a month. Such frequency may not be possible in the case of exports where customers are spread out to all the corners of the earth so that new export price lists are sent out only once a year or whenever major price changes occur. At any time, therefore, export prices may be somewhat above or below domestic prices, or some above and some below. These cases were not considered as differences between domestic and export prices unless the one was consistently above or below the other.

Rebates on Duties and Excise Taxes Paid.

There is little difficulty in applying this condition. Of course, the drawbacks are sometimes so small in relation to the value of the product that they are ignored in the determination of the export price. The excise tax on cigarettes and automobiles makes a sizable difference in the price of those products, and the omission of the tax on exports must be taken into account in comparing prices. But a manufacturer of a pharmaceutical product, which wholesales at about \$8.50 per dozen, might or might not pass on to his export customers the drawbacks on sugar and alcohol taxes which amount to only 21 cents a dozen. We did not count an item which was only a negligible percentage of the value of the product if the manufacturer did not deduct it from the export price as a difference in price for the purpose of the price comparison presented in the following chapter.

Price Comparisons on an F. O. B. Factory Basis.

In more than two-thirds of the cases that were examined prices were quoted some other way than strictly f. o. b. factory. A few manufacturers who sell f. o. b. factory to the domestic trade quote the same prices f. a. s. New York to export customers. Such a practice clearly involves a price concession for export business when the factory is not located on the seaboard. Other cases in which export prices are quoted f. a. s. or c. i. f. according to the custom of the trade, but in which the exact amount of the inland freight is added to the f. o. b. factory domestic price, are clearly cases of no difference in prices. But all other cases present more or less difficulty.

The difficulty arises because of the variety of freight allowances that may be included in the price, because the freight costs may differ for almost every customer the firm has, and because there is so much difference in the relation of freight allowed to value of product. In a few cases freight costs are so high that the manufacturer must keep accurate account of his costs to customers in various locations and adjust prices for differences in freight costs. For example, a producer in New Orleans selling at one price delivered in the United States has a total freight bill of 20 percent of receipts from domestic sales. In order to get export business, his f. a. s. New Orleans export price is 20 percent less than the domestic price. Since we are here concerned only with differences between domestic and export prices and not with discriminations in the domestic prices themselves, we counted domestic and export prices as identical in that case.

But where freight costs are not so large a proportion of selling price and the difference between export and domestic freight costs not so conspicuous, a neat adjustment of prices is usually impossible. A few examples will show the complications involved. Some firms located on or close to the Atlantic seaboard have zone prices for the domestic market; the price for each zone includes freight to any point within the zone. The zone 1 price is offered to export customers f. a. s. New York. Now the precise costs of freight to all customers in zone 1 may be more or less than freight costs from factory to steamer side in New York, and it may vary continually according to the flow of sales in the domestic market. Furthermore, the differences between the domestic zone prices may not be exactly equal to the difference in average freight costs between the zones.

A firm located in New York State sells f. o. b. its regional sales branches to its domestic customers for all items that are regularly carried in stock, but f. o. b. factory for made-to-order items. In export it sells all orders f. a. s. New York City for freight f. o. b. New York for parcel post, but it gets very little made-to-order business from export customers. In any event the freight cost from factory to New York City is very small in relation to the value of the product. Now the average freight paid by the company on export business is less than the average paid on other business in New York City (because the domestic customer pays the freight on a larger proportion of the total business) but it is less than the average for all United States sales. But as all freight is a relatively minor item of expense, the company does not keep separate accounts for freight paid by domestic and export sales. And as a good part of the export shipments come out of stocks of the New York City sales branch, it would be no easy matter to allocate freight costs.

Another firm located near the eastern seaboard sells at one delivered price throughout the United States. Total freight costs on domestic sales is a rather significant item—about 12 percent of domestic sales. The company believes it is offering export customers the same conditions by quoting identical prices for export f. o. b. any port in the United States. Consequently, export shipments move out of New York, Philadelphia, Baltimore, Gulfport, Mobile, Key West, New Orleans, San Francisco, and Seattle, according to the locations of the export customer, available shipping facilities, and ocean freight rates. But because of the geographical concentration of the world's population and buying power, a larger proportion of the company's exports leave from the port of New York than the proportion of domestic sales which are concentrated around the area from the factory to New York. Consequently, while the company is offering the domestic and export customers the same inland freight facilities, its average freight bill per unit of sales is lower for export business than for domestic business.

Another firm located in the vicinity of New York sells to all customers, domestic and export, at the same price f. o. b. New York, but it allows freight on domestic orders of over \$100. The purpose of this practice is to induce the customer to plan his buying so as to avoid the expense involved in many small shipments. In export there is no inland freight, and besides the customers plan their buying as well as they can without special inducement, because the distances in most cases prevent rapid delivery and they must be prepared to meet their needs out of stock.

These examples will make it clear that some more flexible formula is needed than an attempt to adjust prices for differences in the cost of freight included in the price. For once goods are sold on other than strictly f. o. b. factory terms, a multiplicity of complications are introduced. All kinds of stipulations are made to suit the peculiarities of the product, the domestic market, and the export market.

For the purpose of our price comparison, the following procedure was adopted. F. o. b. prices were used wherever they are the basis of varying price quotations. Where exports are sold c. i. f. the ocean freight and insurance costs were deducted from the export price to provide a basis of comparison with domestic prices. In all cases

where the producer offered the same conditions with regard to inland freight to export customers as to domestic, no price adjustment was made even though actual freight costs were not, as they could hardly ever be, identical. Furthermore, no price adjustment was made where the freight conditions were dissimilar if the purpose of the difference was to expedite business procedure. But a price adjustment was considered necessary where the special conditions offered to export or domestic customers was in lieu of a price concession.

Adjustment for Cost of Special Packing.

Ordinarily it is not difficult to make a price adjustment for the cost of packing. Where this cost is a sizable item, the manufacturer is well aware of the cost and knows whether the export price is sufficiently higher to cover the cost. In some cases the cost is so small in relation to the value of the product that the manufacturer prefers to ignore it, and we have accepted his judgment. For example, in shipping adding machines packed three in a case, one firm slips the regular package into another case for export shipment. The value of the three machines is well over \$100 and the extra case costs less than 25 cents. It hardly seems reasonable to consider this a price discrimination. In fact, the manufacturer said that he did not add the cost to the export price because it never occurred to him to charge for the extra container.

Some cases present complexities. A lightweight product is sold in the domestic market and in many export markets in a paper-board container that weighs almost as much as the product itself. The manufacturer's price covers the product and container. In some export markets duty is assessed by gross weight, and the product of this company plus container would have to pay almost twice as much duty as the products of competing manufacturers which are sold without containers. Hence, the price in those export markets would be too high to attract consumers. The company, therefore, ships to dealers in those countries without containers and gives them an allowance which approximately covers the cost of packaging in the dealer's country. As the dealer in each country only packages a small volume in comparison to the output of the firm itself in the United States, his cost per package is larger than the cost in the United States so that the net to the company is lower on sales of this product to those countries. We did not, however, count this as a reduction in the export price. Another firm sells its product unpackaged for export and gives a large allowance for the purpose of meeting foreign competition. The allowance is much larger than the cost of packaging, here or abroad. In this case we did count the export price as lower than the domestic price.

Comparing Prices Quoted to Similar Types of Buyers.

This provision is very difficult to apply in some cases and impossible to apply in a few instances. When the firm has some customers of the same type in the domestic and export market, the prices to identical types of customers can be compared. But when there is no equivalent of the domestic type of customer in export markets and vice versa, the comparison of prices is not a simple matter.

In the first place the division of the distributive function among retailers, wholesalers, and distributors that is a characteristic of the

United States, simply does not exist in many parts of the world as, for example, in many Latin American countries. The distributive function may be divided between importers and merchants, but the importer may sell direct to the consumer as well as to nonimporting merchants, or he may sell only to the consumer. The American producer, who does not have extensive field representation, may not even know what functions these foreign customers perform, and he is apt to classify them as wholesalers without much investigation. We did not challenge the classification of customer which the firm found it necessary to make.

But real difficulties arise in the following types of cases. A domestic manufacturer maintains his own retail branches in the United States. All his domestic sales are direct to consumer, but export sales are to wholesalers and retailers. The expense of maintaining the retail branches varies from about 33 to 47 percent of the branches' sales and, of course, the total varies from year to year according to the total volume of business and the sales of each branch. If the discount offered to export customers was an approximation of the average cost to the company of the selling function we counted the prices as identical, but if it was consistently larger we counted the export price as lower than the domestic.

Another firm sells in all the heavily populated areas of the United States through retail branches but appoints exclusive dealers for a few thinly populated areas. The discount which the firm must give these dealers to induce them to stock and sell the product is, of course, based upon a realization of the costs of doing business in thinly populated areas and is larger than the actual costs of the company's retail branches located in heavily populated areas. The company also sells abroad through exclusive dealers and grants them the same discount as is given the exclusive dealers in the domestic market. Now obviously the net return on exports is lower than on domestic business since the costs of the company's retail branches are less than the dealers' discount. We did not, however, consider that this procedure involved a price concession to the export customer.

Equal Credit Terms to Domestic and Export Customers.

In a large majority of the cases covered in the field survey, it was found that longer terms are extended to export customers than to domestic customers. In general, the longer extension of credit is designed to cover the longer time required for shipment of goods and transmission of documents. The time that the export customer has possession of the goods without payment is generally no longer than the time a domestic customer would have them. In almost all cases the cost involved in this longer extension of credit is absorbed by the shipper. If the absorption of this cost were to be considered a price concession on exports, then almost all cases which would otherwise have identical domestic and export prices would have higher domestic than export prices. As this would not be a useful distinction for the purposes of this study, such differences in credit terms were ignored in making the price comparisons. In a few cases, however, very long credit terms of 6 to 9 months are extended to export customers where domestic customers are limited to 30 days, and the purpose is to give an added inducement to the export customer. As this extension of credit is in lieu of a price concession, we did consider that

an adjustment of the export price in these cases was necessary. It so happened that in the cases covered all those which extended unusually long credit terms also made actual price concessions in export and, therefore, would have been classified as having lower export than domestic prices regardless of credit terms.

These illustrations are sufficient to indicate that there are many difficulties in the way of a strict adjustment of prices for all differences in cost, although they do not preclude the drawing of reasonable conclusions. Even if one considered that that principle should be rigidly applied, it would be necessary to adopt certain simplifying statistical procedures as indicated above. But as a comparison of prices must be made in accordance with actual business practices, situations occur which leave some doubt as to the applicability of the principle itself. It is not that costs in these cases are indeterminate, but that the relevancy of adjusting prices for differences in cost is itself doubtful.

In many cases, the distinction between domestic and export sales is an artificial one from a business standpoint. One might find that the relative costs of many items of expense were different for export than for domestic business, due entirely to accidental factors. In fact, the same type of cost differences would be found between different areas of a company's operations within the United States. For example, a sales branch in one of the densely populated eastern States might have relatively lower costs than that in a western territory. Similarly, it might be relatively more or less expensive than a Latin American branch. And yet, if all the branches of the company were charged at the same price by the factory, it would seem only common sense to consider domestic and export prices equal.

It is generally with regard to selling costs that it seems inapplicable to adjust prices for all cost differences as between domestic and export operations. A typical example is that of a firm which advertises in the domestic market where the bulk of its sales are concentrated but does not advertise in its far-flung export markets, each of which absorbs only a small share of its total sales. This company sells its product for the same price f. o. b. factory to all customers, foreign or domestic. If one were to adjust the domestic price for the difference in advertising cost, the net result would be that the export price would be higher than the domestic price, which would seem to be an unreasonable conclusion. The procedure followed in this study was to ignore differences in cost of this type. Another firm, however, does its own advertising in the domestic market but grants an advertising discount to its exclusive distributors in foreign markets. The invoice price to its export customers is, therefore, lower than the domestic price by approximately its advertising cost in the domestic market. In cases of this type we also considered domestic and export prices to be equal.

Situations such as these indicate that prices should not be adjusted for all differences in costs. With strict adherence to the principle of cost equality it is improbable that any cases of equal domestic and export prices could be found. Thus, in order to yield more reasonable conclusions the comparison of prices in this study was made on the basis of an approximation of the factory net back on domestic and export sales—approximations such as are used by business itself.

The problems mentioned above are of a conceptual character, but

there are others more statistical in nature. These examples were concerned with the question of when an adjustment of invoice prices was necessary to insure comparability. For each of them had only one factor which had to be taken into account; that is, the terms and conditions of sale were substantially identical except for one significant difference for which an adjustment could be made on the basis of the difference in costs. But most cases present many differences in the terms and conditions of sale and many differences in the cost to the company of supplying identical services for domestic and export business with the cost differences being larger for export on some items and larger for domestic on other items. For example, a firm sells in the domestic market f. o. b. factory at 2/10 net 30, at three different prices to consumers, retailers, and wholesalers, gives quantity discounts on some items, has salesmen working on salary and commission, maintains branch sales offices in some localities, does considerable advertising, and gives its customers technical advice and engineering service when necessary. For export it sells at domestic prices f. a. s. New York, boxes for export without charge, gives credit terms up to 90-day-date draft, has a few traveling representatives to stimulate the foreign dealer by showing him how to market the product, has a few special discounts to exclusive representatives in certain export markets, does no advertising abroad, has certain special expenses such as cables, freight forwarder's fees, consular fees, pays commissions to foreign agents, but offers no technical or engineering services in export markets and no quantity discounts. It can be seen that the task of adjusting domestic and export prices for all these differences would be enormous, especially when the cost of any one item is not substantial enough for the manufacturer to consider a price difference warranted on the basis of it. The problem is further complicated when, as in many cases, the manufacturer does not sell at uniform prices for export but has different prices in different markets depending upon costs or local competitive conditions.

As a practical matter, therefore, the procedure of comparing prices must be simplified to statistically manageable rules. The following method was used in this study:

Where invoice prices were the same for the same types of customers, domestic and foreign, and there was no individual difference in terms and conditions of sale or costs of doing business substantial enough by itself to make the net return different, we counted prices as identical. Where invoice prices were different and the differences were due to specific adjustments for differences in the cost of doing business, we counted the prices as identical. Where invoice prices were different but the difference was due to market conditions, the export price was counted as lower or higher as the case may be. Where prices were the same but there was a substantial difference in the costs of doing business or the services included in the price, export prices were counted as higher or lower as the facts indicated.

An actual computation of the degree of difference in prices for even a small sample would have involved a heavy cost and considerable time, which seemed inappropriate to the purpose of the report. All that was done, therefore, was to determine if export prices were higher or lower than domestic prices.

Another complication arises in the fact that many firms sell a variety of products to many foreign markets, and their price policy is not the

same for all products and all markets. Some products are sold at higher than domestic prices, some are sold at the same as domestic prices, and some lower. There is a similar variation from market to market. In other words, it is often impossible to give a simple description to a firm's price policy by saying that it exports at lower or higher prices or at prices identical with domestic quotations. For it may be doing all three things at the same time. A comparison of average prices in export and domestic trade would often, therefore, conceal the details which are of primary interest in this study. For this reason an attempt at two comparisons between domestic and export business was made—one concerns prices, the other profits.

The cases examined in the field survey have been divided into three groups, on the basis of price policy. The prices compared in all cases were adjusted prices—not invoice prices. Group I includes those for which all or some export prices are higher than domestic prices, but no export prices are lower than domestic prices. Some export prices may be equal to domestic prices, either for certain products or to certain countries, but none are lower. Group II includes all cases for which export prices are equal to domestic prices; none are higher and none lower. Group III includes those cases for which some export prices, adjusted as indicated above, are lower than domestic prices. In these cases export prices may be in part equal or higher than domestic but some prices are lower. The details of price policy are given according to the various types classified under each group.

The comparison of the profitability on export and domestic sales was made in order to indicate the overall or average relation of export and domestic prices. It is clear that if adjusted export prices on a particular product to a particular country are lower than domestic prices then the profit margin on those export sales is lower than on domestic sales. The process of adjusting prices is a process of allowing for significant differences in costs. Hence, a net difference in price is a difference in the margin of profit on that portion of exports.⁴

The comparison of profit margins on United States sales with all export sales measures the difference between the average of all domestic prices (adjusted) and all export prices (adjusted). It indicates, however, two things which are neglected by the price comparison. First, it may show that there are some small differences in costs which could not be considered large enough to warrant a price adjustment. For this reason a case in group II of export and domestic prices equal may have a higher or lower margin of profit on export sales. All the cases in group I, however, have a higher margin of profit on exports. Second, it can show that lower export prices for a portion of a firm's exports may be offset by higher prices for other portions. Thus, some of the cases in group III which have some lower export prices also have higher profits on export sales.

In the comparison of profits, all direct costs of doing domestic or export business were to be charged against those sales to which they applied and overhead or joint costs strictly allocated on the basis of sales. Each sales department, domestic and export, was to be charged with its full costs including overhead.

⁴ The margin of profit refers to average profit, of course, not marginal profit.

CHAPTER V

COMPARISON OF EXPORT AND DOMESTIC PRICE POLICIES

In this chapter will be presented a summary of the price policies and comparative profitability of domestic and export sales for the 76 business enterprises covered by the field study. This summarization is necessarily an oversimplification of the facts since there are peculiarities in the selling practices of every business organization which in one way or another make it an individual case. The cases are classified into three main groups and subclassified into various types, according to the predominant characteristic of the export price policy. In this way, the pledge not to disclose the identity of any business organization which supplied this information is not violated as it would be if complete descriptions of products and practices were given case by case. Such a classification of the cases based upon the dominant characteristic of the price policy, which, so to speak, stressed the rationale of the price policy, reduces the data to manageable form and more clearly reveals the essential facts.

The primary classification of the 76 cases has been made on the basis of the comparison of domestic and export prices as defined in chapter IV. Thus, the cases fall into three groups—those with export prices higher than domestic prices, export prices equal to domestic prices, and export prices lower than domestic prices. The cases are further subdivided into 13 types, according to the dominant feature of the price policy. This essential feature of the export price policy may be either the guiding principle behind the price policy, or an expression of the conditions or results achieved by the price policy or both. One or more examples of each type will be given in order to show the details of price policy.

If export prices are higher than domestic prices after the adjustment, then export sales are presumably more profitable than domestic sales and vice versa. However, the following distinction must be made between the comparison of prices and the comparative profitability of domestic and export sales as a whole. Where a business organization makes some of its export sales at net prices identical to domestic prices and some of its export sales at net prices higher than domestic it has been put into group I—export prices higher than domestic prices. Where the business organization consummates any significant portion of its export business at net prices lower than domestic prices so that its net profit on that portion of its sales is lower than the net profit on its domestic sales it has been classified into group III—export prices lower than domestic prices. In some of these

cases the profitability of export business as a whole may be just as great as the profitability of domestic business and in some cases the export business as a whole may be more profitable. Moreover, as the price comparison is based upon an approximation of the factory net on domestic and export sales while the profit comparison is based upon a precise computation of factory net including all selling and incidental costs, the results of these two comparisons are sometimes different. The number of cases which have these various profit experiences will be indicated in the discussion to follow.

The reader will remember that in the comparison of the net profit on domestic and export business all costs must be allocated with no special preference given to either the domestic or export sales. That is, per unit factory costs for identical products must be the same and where the products are not identical the exact factory costs must be determined on a rational basis. For example, all factory overhead cannot be charged against domestic sales. The direct costs of selling and distribution in the domestic market must be charged against domestic sales and the same procedure followed for export selling costs. Furthermore, general administration overhead must be divided on a reasonable basis.

In the case histories, it will be indicated whether the business organizations have actual profit and loss statements prepared separately for domestic and export sales. Where the profitability of export and domestic sales are not computed separately the comparison that will be offered represents the best judgment of the management. It should also be added that when a case is noted as not preparing separate profit statements for domestic and export sales, it only means that the profitability is not measured in the manner indicated above. The company may keep its records in some other form not suited to the needs of this study.

The distribution of the 76 cases among the three groups and 13 types of price policies is shown in Table 1. The explanation of the various types of price policies is given in the text of this chapter.

TABLE 1

Name of case	Total number of cases	Export price variation by markets	Separate profit statements computed for export sales	Exports more profitable than domestic sales	No consistent difference in profitability	Exports less profitable	Management not sure which is more profitable
Group I. Export prices higher than domestic prices.....	9	5	8	9			
Type 1. Export monopoly.....	2	2	2	2			
Type 2. No standard export price; accept export business only when price is equal to or above domestic price.....	3	3	1	3			
Type 3. List prices for export higher than domestic prices.....	4	0	4	4			
Group II. Export prices equal to domestic prices.....	21	0	10	2	13	2	4
Type 4. Market price plus distribution costs for all customers.....	4	0	4		4		
Type 5. Factory price plus distribution costs for all types of customers.....	1	0	1		1		
Type 6. One price policy for all customers.....	16	0	5	2	8	2	4
Group III. Export prices lower than domestic prices.....	46	45	32	6	4	31	5
Type 7. Standard export price same as domestic, but concession given in some markets.....	8	8	3	3		1	4
Type 8. Export business with different type of customers than domestic, but concession given in some markets.....	7	7	6	1	1	4	1
Type 9. Standard export prices lower than domestic prices for some commodities.....	6	5	4	1	1	4	
Type 10. Domestic and export sales departments establish prices independently on basis of factory costs plus distribution costs; some concessions in export.....	15	15	15	1	2	12	
Type 11. All foreign sales made by company affiliates; concessions in some markets.....	1	1	1			1	
Type 12. All foreign sales made at lower than domestic prices.....	6	6	3			6	
Type 13. Export agents and commission houses.....	3	3				3	
Total number of cases.....	76	50	50	17	17	33	9

GROUP I. CASES OF HIGHER EXPORT THAN DOMESTIC PRICES

Out of the total of 76 cases, 9 were found to have higher export than domestic prices for either a significant part or for all export sales and to have no class of export business on which prices were lower than domestic prices for a similar class of customer. That is, in these 9 cases, after invoice prices are adjusted for differences in terms and conditions of sale or for significant differences in selling costs, export prices are higher than domestic for at least a part of export sales and no less than equal to domestic prices for the remainder of export sales. Of necessity, export business as a whole is more profitable than domestic in all these cases.

Type 1. Export Monopoly.

The distinguishing characteristic of export price policy in cases of group I, type 1 is that export prices are admittedly monopoly prices regardless of the competitive or noncompetitive nature of domestic prices. The United States producers account for a dominant share of world production. In the cases of this type which fell in our sample, they (or most of them) have organized an export corporation under the Webb-Pomerene Act which enables them to agree upon and fix export prices. Thus, control over a major portion of world supply is the economic factor which dominates export pricing policy. Two

cases out of the 9 in group I were of this type. A case of this type is described in the following example:

Example 1.—This company produces various qualities of a single chemical product of which the United States is the predominant source of world supply. The bulk of the output is sold direct to large industrial users in both domestic and export markets in carload lots while smaller quantities are parcelled out to dealers or smaller users from regional warehouses.

In the domestic market the company sells carload lots on an f. o. b. factory basis at a uniform price to all buyers of that quantity. To its export customers the company always quotes c. i. f. prices which are substantially the c. i. f. prices established by a Webb-Pomerene export corporation representing most of the industry but of which the company interviewed is not a member. The c. i. f. export prices have been set according to a zone or regional system with differentials corresponding in part to the larger differences in ocean freight costs which are included in the c. i. f. price, but also giving those regions which contain the larger industrial users a somewhat lower price. Within any region, however, and as among the several regions the ocean freight costs from the usual port of export from the United States do not vary identically with the c. i. f. prices. The company, therefore, sells abroad at any one time at a number of f. o. b. mill prices.

These f. o. b. mill export prices are all higher than the f. o. b. mill domestic price. On the average the mill net or export sales, less the extra costs of export packing, is about 20 percent higher than the domestic price.

The management states that in its experience selling costs for export business are a little higher than for the domestic market and export credit terms must be adjusted to the greater distances involved. However, export business is still considerably more profitable than domestic.

Example 2.—One other case in the sample was of this general type, also involving a single chemical product. It might be well to give a description of the price policy in this case also, so that the reader can observe the individual differences in price policies among various cases, even though classified as being of the same type. The American industry in this case, while the major source of world supply, does not possess a large enough share of world output to dictate world prices, but prices in foreign markets are fixed through agreements with the important foreign producers.

The enterprises involved include a Webb-Pomerene export corporation and the several domestic producing companies which own its stock. The domestic producing companies sell only in the domestic market, while the export corporation sells only in foreign markets. This commodity is sold in the domestic market at uniform delivered prices, and as the freight costs to various destinations differ there are a variety of f. o. b. prices. Export prices are always quoted c. i. f. and have been set with small differences from one geographical area to another. These c. i. f. prices are much more similar than would be the case if actual insurance and freight costs for each shipment were added to a uniform f. o. b. or f. a. s. price as there has been a conscious attempt to approximate a uniform delivered price, equalizing the price to foreign buyers who are in competition with each other. Therefore,

on an f. o. b. basis, export prices too differ for almost every point to which shipment is made.

The export corporation pays all the expenses connected with the export business and turns over the net receipts from sales to the producing companies. Likewise, the producing companies pay all the costs of domestic distribution. Costs are higher for export, even deducting freight costs in both cases, because selling and other costs are higher on the export business.

It would, therefore, be inappropriate to compare the whole scale of f. o. b. domestic prices with the whole scale of f. o. b. export prices. Furthermore, as there is discrimination, in a sense, involved in selling at uniform delivered prices in both domestic and export markets it is the average net realization on domestic and export business which must be compared rather than the net realizations for individual transactions. Of course, production costs per unit of output must be considered the same regardless of destination.

The producing companies in this case report that the average net realization (or the net price in our sense) is somewhat higher on export sales than on domestic sales.

Type 2.

No standard export price; accept export business only when price is equal to or above domestic price. Export price policy in the cases of this type can be described as follows: Export prices are quoted on a c. i. f. basis. Foreign sales involve higher costs than domestic business—apart from transportation costs—for such items as export packing, special handling, longer credit terms, larger selling commissions, etc. Furthermore, there is no standard or list export price, but prices are quoted for almost each transaction as the business is of that character. Export business is not accepted at a c. i. f. price which does not cover all the added costs of export and yield a net at least as high or higher than its domestic price.

Three cases with entirely unrelated products were found to have a price policy of this type. In fairness to the concerns involved the products are not described very specifically in order to avoid disclosing information to competitors. Suffice it to say that, in general terms, the products of the three concerns respectively are a silk textile product, a wood-pulp product, and a related group of chemical products. The following example is illustrative of the cases of this type:

Example 3.—This firm produces a wood-pulp product that is sold to industrial consumers for further fabrication—craft board for shipping containers. In the domestic market the company sells directly to manufacturers at a uniform delivered price. Prices are generally announced quarterly and contracts drawn to cover the business for the coming quarter. It is very seldom that prices are changed during the quarter.

Its export sales are made through commission agents on a c. i. f. basis. There is no fixed price for export as the price is always reached by negotiation between the company and the customer through the agent. As the mill is located on tidewater there is no inland freight on export shipments but there are extra costs for export packing, agent's commission, ocean freight and insurance, handling documents, cables, etc. The management will not confirm a c. i. f. price which

does not at least cover these costs for the shipment plus the average net realization (average f. o. b. price) on domestic sales. But it often obtains export orders at prices higher than this minimum.

At the present time the company is exporting approximately 10 percent of its output to various customers in five foreign countries at a different f. o. b. price in almost each case. The lowest is just about equal to the average f. o. b. mill realization on domestic sales while the spread from the highest export price to the lowest is roughly 16 percent. On the average, export prices on an f. o. b. basis are 7-8 percent higher than the average domestic net realization.

Type 3.

List prices for export higher than domestic prices. One other type of price policy was found among the cases having higher export than domestic prices. The remaining four cases in group I were all of this type, involving producers of electrical products—radio receiving sets and electrical refrigerators.

For group I, type 3, products are sold from price lists which are identical for all customers in the domestic market of the same class; that is, all distributors or wholesalers or retailers, etc., are issued the same price list and all sales are made at the prices shown thereon. The same procedure is used in export markets. Export price lists are issued and all sales are made according to those prices. While the prices on the export price sheet may be the same as those on the domestic price sheet for a few items, for most items or models the export price is higher. These differentials in list prices are not related to differences in costs. In fact, in those instances where clear answers could be obtained, distribution costs on export business were lower than on domestic business. The following example is illustrative of cases of this type.

Example 4.—The products in this case are radio receiving sets and radiophonograph combinations in a wide variety of styles and models. The company also manufactures other lines of products which have entirely distinct uses and which are sold by distinct merchandising departments. As the price policies for the different lines of products are entirely unrelated, the radio department of the company is considered here as a separate case for the sake of clarity.

In the domestic market the products are sold only to wholesale distributors from a uniform price list f. o. b. factory. The domestic business is a package business; that is, there is no adaptation of the product itself to fit the peculiar requirements of the wholesaler. There is a wide variety of models to fit the needs and purchasing power of the consumer but all the units of a particular model are exactly the same and they are all sold complete and packaged just as they come off the assembly line.

A large part of the export business is of a different character and many complications arise because the products must be adapted to meet the special requirements of many markets. In the first place, a line of export models not sold in the domestic market is produced to fit the reception conditions existing in many foreign markets. But even the same models which are sold in the domestic market must often be adapted for the export trade. These adaptations are of two kinds, physical and economic. The physical are required primarily to meet different voltages than those standard in the United States, while

the economic adaptations are required to meet the peculiarities of tariff laws country by country. Because of tariff laws, often designed to encourage some part of the manufacture or assembly being performed locally, shipment must be made in all manners of special packaging and various stages of assembly. For example, it may be necessary, in order to avoid a duty of prohibitive cost, to ship the receiving set without cabinet and allow the foreign distributor to procure cabinets locally; to ship tubes in a separate package; to ship only the major parts and to have the assembly done locally; certain parts made of or containing metals dutiable at a higher rate may have to be excluded or shipped separately, etc., in an endless variety. Nevertheless, a considerable portion of the exports are shipped right from the assembly line, just as in the domestic market.

Much of the export business, therefore, requires special pricing either because there is no corresponding model sold in the domestic market or because manufacturing costs are lower or higher through the exclusion of certain parts or through the complicated special packaging that is needed. The management states that on all this business the gross-profit margin—that is, the difference between factory costs and price—is higher than the gross-profit margin on domestic business. This means, in terms of the concepts useful for our problem, that export prices on this class of business are higher than domestic prices for dissimilar but comparable commodities.

The remaining export sales are made from standard export price lists. A part of this business also requires special packaging, and while this does increase factory costs, the increase is too small to be added to the price and is merely offered as an accommodation to the customer. But a significant share of export sales are of products identical with those sold in the domestic market. A comparison of domestic and export prices to distributors shows the export prices to be almost consistently higher from about 50 cents to \$3 per set. The average differential between the list prices for export and domestic sale is about 3 percent. The price difference is not a specific adjustment for any difference in costs but is an arbitrary addition to the domestic price.

Certain other differences between domestic and export price policy should be noted. Domestic sales are f. o. b. factory while export are f. a. s. The inland freight costs are quite small but they are absorbed by the company. The domestic distributor is given a specified advertising allowance which appears on the domestic price list, for each set purchased but such automatic allowances are not granted to export customers. The company, however, gives specific allowances where the market requires or justifies the expenditure. The export customer is given a small quantity discount for volume purchases in order to induce larger shipments, but domestic prices are not subject to a quantity discount. Credit terms in export are adjusted to the longer distances involved. If list prices could be adjusted for all these differences it is hardly likely that the relationship of domestic and export prices would be changed.

In order to fully adjust prices, however, account must be taken of the difference in selling costs. The management reports that selling costs in the domestic market are proportionately much higher

than on export sales. The company's expenditure for advertising, salesmen, and field representatives is much lower abroad. Thus the difference in prices adjusted for all differences in costs would be substantially greater than the 3 percent difference in list prices.

Accounting records are kept separately of the net profit margin on domestic and export sales and it is consistently higher on exports. In fact, in many recent years the domestic sales department has shown an operating loss while the export department has earned a profit.

In the other three cases of this type there are no essential differences from the facts in the above example with regard to price policy or profit comparison.

GROUP II. CASES OF EXPORT PRICES EQUAL TO DOMESTIC PRICES

In 21 cases out of the total sample of 76, export prices were equal to domestic prices. It is, nevertheless, possible to distinguish several types of price policies or pricing methods among these cases. When invoice prices, however, are adjusted for the specific cost items represented in different terms and conditions of sale it is found that the basic prices are the same whether the sale is domestic or foreign. The profit experience in these cases also differs between the net profit on domestic sales as a whole and export sales as a whole. It will be recalled that this comparison of net profits can measure differences in the costs of doing business which, from a business standpoint, cannot be taken into account in price making. Since these are not significant cost differences, the profit differences are not substantial.

Type 4.

Market price plus distribution costs for all customers.—The first type of price policy in this group was found to be followed by four cases (each a separate firm or group of firms) in which the products were standardized or accurately graded commodities. These commodities have prices which fluctuate from day to day according to conditions of the market or according to the fluctuations of a basic raw material quoted on an organized commodity exchange. The firms in these four cases were processors of packing-house products, flour-mill products, canned fruits and vegetables, and certain dairy products, respectively.

While these products bear the name of the producer, the brand is relatively unimportant in the price-making process on wholesale business. The buyers are well acquainted with the market, they always have alternative sources of supply, and they buy according to specification, grade, or sample. The buyer almost always asks for a quotation which includes delivery to his establishment but he always has the alternative of buying f. o. b. the processing establishment.

In these cases there is no essential distinction between domestic and export business. The company sells only at the market price and while price quotations are made by salesmen in the various domestic and foreign sales division for all sorts of terms and conditions of sale all these quotations are based upon the f. o. b. market price at the processing establishment. As accurately as they can be calculated, the exact costs involved in any sale on any other than f. o. b. factory cash basis are computed and added to the f. o. b. price to arrive at the delivered price. Most price quotations are not made f. o. b. factory

but (e. g.) f. o. b. cars in New York or other United States cities; f. a. s. New York or San Francisco, payment against documents; c. i. f. some foreign port, payment on first presentation of papers; etc. But in each case the domestic or export sales division or branch must calculate the costs involved, including selling expenses on that type of business, so that the f. o. b. net at the processing establishment will be equal to the market price on that day.

The firms in these cases are engaged primarily in a staple commodity business and the price policy conforms more precisely than any other cases in the sample to the picture described as existing under conditions of pure competition where there is narrow differentiation of functions. The cost of each function or service is computed as accurately as possible and any service rendered on a particular sale is reflected in the invoice price at which that sale is made. The company's profit is made in the processing of the product, and details of distribution are on a cost basis. Each sales branch or division needs only cover its costs plus the market price of the product.

This description of the price policy is not meant to imply that the net return on every single transaction at a particular time is exactly equal. The marketing process cannot function with such accuracy. But the fluctuations above and below the market price are in the nature of random fluctuations and not due to conscious policy. It might be said that these differences are due to imperfections of the market and uncertainties as to the actual cost of a particular function. There is no distinction in this regard between domestic and export sales. For all practical purposes domestic and export business are equally profitable.

In several of these cases the producers also market highly advertised branded products more or less similar to those sold as commodities. Although costs are higher, the profit margin is larger for the branded than for the commodity business in the domestic market. These branded products are seldom exported as there is no demand abroad for justifying the existing differential over similar nonbranded products. The small export shipments appear to be for the use of Americans residing abroad and are made at domestic prices.

It might be noted that the profit margin on sales in these cases is quite small and general overhead is not a large proportion of total costs in comparison with many manufacturing firms. Thus almost every item of expense is a significant item from a business standpoint and cannot be neglected in making a price quotation.

Type 5.

Factory price plus distribution costs for all customers.—This type of price policy is, from outward appearances, similar to type 4. It varies in that the price is not established by some organized market, but the basic f. o. b. mill prices of the company's products are set by the administrative and production officers. These internal prices include profit and all cost items except selling and distribution expenses. These mill prices, which are issued confidentially to the various sales departments, include factory costs, designing, general administrative overhead, and profit. The various sales departments of the company, each of which serves a different type of customer, are charged by the mill at the mill prices and establish the prices to their customers so

as to cover the mill price plus the actual selling and distribution expenses of their department. The essence of this price policy is that the various sales departments are not expected to show a profit above mill price plus departmental expenses as the company's profit is already in the mill price. Thus, if the company was only selling to one type of customer under the same conditions and terms of sale, the quoted prices to all buyers would be exactly the same. But as each sales department sells to a different type of customer under widely different terms and conditions of sale the quoted prices are different by the difference in the costs of doing each type of business. Each sales department differs with regard to salesmen, rates of commission, costs of samples, method of handling, freight, packaging requirements, credit terms, size of orders, etc., and must adjust its quoted prices to these cost items. The export department is on exactly the same footing as the various domestic sales departments.

Example 5.—Only one case in the sample was found to follow consistently a pricing policy of this type. It has been segregated as a distinct type because the nature of the business is so different from the four cases of type 4. The company is a manufacturer of cotton and rayon piece goods, most of which are subject to style factors. It sells to various types of customers who require different kinds of services in the way of packaging, credit terms, delivery, sales, solicitation, etc. The prices for each type of business, whether domestic or export, are all built up from an f. o. b. mill price by the addition of the cost involved in doing that type of business. The company's profit is already included in the f. o. b. mill price so that each sales department, e. g., manufacturers' sales, sales to wholesalers, to retailers, department stores, and export is only expected to cover its expenses. The same system is used if additional expenses for a particular type of business are incurred at the mill, as, for example, for special packaging, doubling and rolling, etc. Of course, there is some variation from year to year between total receipts from sales and total costs (counting the mill price which includes profit as a cost) for all the sales departments. There are some overhead items in each department's expenses which may be more or less covered according to changing volume of sales. Such variations have been quite small and are in any case in the nature of business risks rather than discriminatory price policies.

Invoice prices in export are always higher than domestic for similar types of customers because of the following costs; handling documents, more clerical work, special packing, larger selling commissions, and longer terms.

The style factor, which is so important in this business, introduces a peculiarity into the sales and price policy. The price at which a new pattern is offered must be high enough to cover the costs of designing and engraving on the estimated volume of sales. But at this high price there may be no demand for the pattern in export markets. After the demand in the domestic market has tired of the style and the mill has covered the designing and engraving costs it may be offered to export customers at a lower price. While the mill would be willing to sell at this lower price in the domestic market it is often impossible to push a "finished" number by a similar moderate price reduction. Where

style is a factor the customers want something new and business cannot be captured with last season's patterns.

Type 6.

One-price policy for all customers.—The remaining 16 cases of group II sell their products to export customers at the prices established for the domestic market under substantially identical terms and conditions of sale. For all practical purposes these firms draw no distinction between domestic and export customers. In some cases there are slight modifications in the terms and conditions offered to export customers, but these have been introduced to simplify business operations and can hardly be considered discriminations. Essentially the company fixes a price for its products, with or without such supplementary services as credit terms, packaging, free delivery in the United States, etc., and sells to all its customers at those prices. The only distinction that could be drawn between domestic and export selling terms is that in most of these cases arrangements for payment by export customers are adjusted to fit the greater distances involved and the special credit instruments customary in export practice. In none of these cases are long credit terms granted in export in lieu of a price concession nor is the longer wait for payment on export business a significant cost item to the company.

Prices in these cases may be adjusted by the company for special manufacture, special packing, for freight and insurance on c. i. f. billings, etc., but these things are all done for the convenience of the customer who has the option of buying the standard product in the standard way at the standard price. In fact, in most cases additions to the standard price for such additional costs are almost always shown on the invoice at cost.

In all these cases selling expenses are subsummed under the general costs of doing business and prices are never adjusted for differences in actual selling costs from one locality to another even where the records are kept so as to show the difference. The company employs the number of salesmen it needs to handle the business, pays the commissions required to get the type of representation it desires, advertises in whatever volume it sees fit or not at all if the size of the market does not justify an expenditure, and commits itself for any other incidental distribution expenses that will get sales in any locality, whether foreign or domestic. Whether selling and distribution expenses are higher or lower on export sales as a whole will be indicated below by the comparison of profits. It should be recognized, however, that in none of these cases is the difference in profits substantial, that it would be impracticable for the company to have different prices because of it, and that there is no clear division in a functional sense between the company's domestic and export business.

The 16 cases of this type produced the products indicated in the following table which also shows the comparative profits experience on domestic and export business as a whole.

Product	Is a profit statement prepared separately for export sales which takes full account of all cost items?	Are export sales more or less profitable than domestic because of differences in advertising, selling, or incidental costs?
1. Women's hosiery and accessories.....	No.....	No difference.
2. Writing paper.....	No.....	Do.
3. Laboratory apparatus.....	No.....	Do.
4. Adding and calculating machines.....	No.....	Do.
5. Adding machines.....	No.....	Do.
6. Adding, calculating, and bookkeeping machines.....	Yes.....	Selling costs lower on exports, therefore export sales slightly more profitable.
7. Paper grocery specialties.....	No.....	Questionable.
8. Men's furnishings.....	Yes.....	Exports somewhat less profitable.
9. Pipe fittings.....	No.....	Questionable; difference could not be very significant.
10. Hosiery, all kinds.....	Yes.....	Special case described in example.
11. Automobiles.....	No.....	No difference.....
12. Automobiles and trucks.....	Yes.....	Do.
13. Machine tools.....	No.....	No possible difference.
14. Scientific equipment.....	No.....	Questionable, but not great in any case.
15. Felt and other hats.....	No.....	Exports a little less profitable.
16. Phonograph records.....	Yes.....	Exports more profitable.

A few examples of this type of price policy will be given to show the variety of details and problems encountered.

Example 6.—This company manufactures a line of women's wear of which hosiery is the most important item. It sells to retailers through salesmen in the domestic market and through commission representatives in export markets at the same prices to all customers. There are no significant differences in costs for which prices could be adjusted. Selling costs in the domestic market are just about the same as commissions paid in export markets; advertising is about in proportion to sales; the company pays some freight on domestic business as it sells f. o. b. through sales offices but only f. o. b. New York City for exports; there are a little extra packing costs for export and about a month longer wait before payment is received. The company does not have profit statements computed separately for export business, but the management cannot see any reason for a significant difference in the proportionate profitability of domestic and export sales.

Example 7.—A manufacturer of writing paper uses a zone price system in the domestic market with export prices equal to prices in zone 1 (which includes New York City). A New York exporting house represents the company in export business and is paid a commission which is approximately equal to domestic selling costs. Export business is no different to the company than domestic business and it sees no utility in preparing separate profit statements. It takes whatever business comes, but it cannot get much export business under its present price policy as foreign competitive prices are generally lower.

Example 8.—This company is primarily a dealer in laboratory apparatus and reagents. It manufactures a few specialized products, but the great bulk of its business is in the distribution of the product of other manufacturers. The main sales effort of the company is made through a world-wide distribution of a large catalog and by advertising in many scientific and technical periodicals, although there is also some direct solicitation of laboratories by members of the sales

and technological staffs. Most of the business is direct with laboratories at retail prices but it does act as distributor for some manufacturers and sells at wholesale to other dealers. The company follows a strictly one-price policy in both its retail and wholesale business. There is no distinction of any kind in its price or selling policies between domestic and export customers except that it takes longer to receive payments from customers in more distant markets.

Example 9.—The products in this case are adding, calculating, and listing machines. The company has a one-price policy, but there are a few distinctions between domestic and export customers designed to facilitate the conduct of the business. Domestic customers can get a slightly lower price for cash or c. o. d. payment. Export customers are only offered the cash price with 25 percent of value in cash to accompany the order and the balance to be paid on sight draft. This arrangement favors the export customers, in that the company absorbs the cost of waiting for the balance of 75 percent, but favors the domestic customer in that he can buy on open account if he so desires. Quantity discounts are offered the domestic trade on orders of 3 to 10 machines, but to get the same discounts the export customer must order 12 and 24 machines. The company furnishes advertising matter to its domestic distributors at cost but does not do so to its export distributors because of the language difficulties. On the other hand, it supplies export packing without cost. The management feels that all these differences are negligible in terms of cost and that there is no difference in the profitability of domestic and export business.

Example 10.—This company manufactures a few grocery specialties—toilet tissue and paper towels. It sells on a one-price policy freight prepaid anywhere in the United States to domestic customers and f. o. b. any port to export customers. Virtually the same credit terms and quantity discounts are offered to both domestic and export customers. The company has never considered any other than a one-price policy and so has never kept separate accounting for export business. If anything, export business is more profitable than domestic because, (1) average freight costs are higher—domestic business is Nation-wide whereas the bulk of exports leave from the port of New York near which the plant is located, and (2) advertising costs are relatively higher on domestic business. However, in a few export markets where the products are just being introduced, the development expenses are very high so that those markets are not at all profitable at present.

Example 11.—This is a branded line of men's wear of which shirts and collars are the major items. The company sells direct to the retailer through its own salesmen in the domestic market and through commission representatives in export markets. All customers pay the same prices and the conditions of sale are virtually the same except that export terms are somewhat longer.

Profit statements are prepared separately for the export and domestic departments and the company has found that domestic business is more profitable. It costs somewhat more to do export business because higher commissions are paid; there is an added cost in export packing, and the proportionate costs of samples and of advertising are higher.

Example 12.—The products in this case are black and galvanized iron and brass pipe fittings. Domestic and export price lists and dis-

count sheets at the present time are identical. This is usually the case but as domestic discount sheets are issued more often than export, there is sometimes a temporary difference in net prices. Prices may vary either way, export prices being either slightly higher or lower. The difference could not be very great because if a substantial change were made new lists would be sent to both export and domestic customers.

At various times the export discounts to a particular country may be lower than the standard domestic and export discounts when the company is trying to meet the price competition of a foreign producer who is trying to get a foothold in the market. The management states that so far as this company is concerned, these situations are always temporary. For if the foreign competitor continues the cut-price policy, the company restores its standard prices and merely takes whatever of the quality business it can get under those conditions.

Example 13.—This case concerns a hosiery firm which has set up a subsidiary company to handle its export business. The export company has an elaborate selling organization which it maintains by acting as export commission representative for various related but non-competing lines of other domestic manufacturers. The export company sells at identical prices as the parent hosiery company.

Both the domestic sales department and the export company are charged at somewhat nominal figures (for bookkeeping purposes) for all stocks they draw from the factory warehouse. They both make a profit over the nominal factory charges plus their sales expenses but in the case of the export company this includes the profit it makes from its commission business. The company has no reason to allocate expenses specifically for the hosiery export business and the management was very skeptical that such an allocation would have any meaning. It could not maintain the large export organization that it does if it did not act as export representatives for several other firms, and it could not handle its own export business as efficiently as it does if it did not have that organization. The management ventured the opinion that if the costs of the export company were distributed according to sales of the various products (which it did not think was any more reasonable than other possible allocations), the sales expense on export business in hosiery would come out higher than domestic sales expense of the parent hosiery company.

Example 14.—This case and the one following concern automobile manufacturers. The first is a company which has no foreign branches or affiliated selling or assembly companies.

In the domestic markets the company sells at two discounts from its standard f. o. b. factory retail prices. The larger discount applies to distributors on the sales they make to local dealers in their territory while the smaller applies to sales that the distributors make acting as retailers.

In export the company makes no distinction between dealers and distributors because it cannot exercise sufficient supervision to use two prices. It therefore sets the export price, f. o. b. factory, on complete car units approximately equal to the average of the domestic prices so that the net return is the same. All manufacturing extras are added to the standard price, e. g., heavier springs, right drive, front end stabilizers, better tool kit, export boxing, etc.

A large part of the export business is in more or less incomplete car units due to the specifications of foreign tariff laws. Shipments are made of parts for assembly, semiknockdown cars boxed for export, less tires, inside upholstery, bumpers, or any other parts or equipment, which it may be cheaper for the importer to purchase locally. The pricing policy of the company for these incomplete car units is to compute the cost plus profit up to the stage of completion in which shipment is made. The profit to the company per car would, therefore, be less than that secured on complete car units but the percentage of profit on the dollar volume of sales would be as nearly the same as cost accounting methods can make it. The company does not compute separate profit statements for domestic and export sales as it sees no reason to do so since its entire costing procedure is designed to give the same net return on export sales as on domestic. The same cooperative advertising scheme is used in export markets as in domestic and the ratio of other sales expenses could not be much different.

The only difference between domestic and export pricing policy is that domestic terms are cash while in a few distant export markets open accounts terms are extended up to 90 days. The management states that the majority of export sales are made against letter of credit.

Retail prices in the various export markets are virtually left to the discretion of the foreign distributors since they must cover total landed costs and be adjusted to local market conditions.

Example 15.—This case concerns a manufacturer of automobiles and trucks having many foreign factories, assembly plants, and selling branches. The foreign branches operate independently of the domestic organization—they buy the products of the parent company according to their specifications precisely the same and at the same prices as independent distributors buy them. The purpose of the foreign subsidiaries is to assure the company of an effective distributive agency in all of the larger markets.

The pricing policy is virtually the same as in the previous case. Complete units have a standard price f. o. b. factory from which discounts are given to distributors and dealers. The same discounts are used in exports, as the company has found no difficulty in classifying its foreign buyers.

On incomplete cars the various production departments make the decision as to how much will be allowed for any deletions. If the deletions are small they will usually allow only factory costs, thus leaving their profit unimpaired. But if the deletion is the product of another manufacturer, for example tires or glass, they will deduct the amount which was originally added for these parts and which includes a profit.

The foreign branches of the company determine their own selling prices upon the basis of their total landed costs, assembly costs, sales expenses, and competitive conditions in the market. As all these factors vary considerably from country to country, the profit earned per car by the foreign affiliates varies widely, from about \$20 to \$200 on a low-priced car (that is, low-priced in the United States—in foreign markets they are usually luxury items). The volume of business that can be done in a particular market is the important consideration in the branch's price policy. For example, a country establishes a

quota of, say, 500 cars for this company when its sales there had been averaging 5,000 cars. The branch may now be able to get a much higher price for the car, and the profit per car may be doubled or more and yet the total profits of the branch operations be smaller than formerly.

The fact that the foreign branches earn a profit on their operations cannot be taken as evidence of a higher export than domestic price, as they perform additional functions. Whether the foreign companies are subsidiaries or independently owned is irrelevant to the price comparison so long as equal treatment be accorded both types of buyers.

Considering the comparative profitability of domestic and export sales the management states that export is more profitable if the operations for the foreign companies are included, since in export business the profits on some of the distributive functions are included. But from the standpoint of the domestic manufacturing and selling organization (which includes the export department), there is no consistent difference in profitability. There is no difference on the manufacturing side because prices are adjusted to differences in costs. And on the distributive side the ratio of expense to sales for the domestic and export departments varies from year to year with the volume of sales and is not consistently larger in one department or the other.

GROUP III. CASES OF LOWER EXPORT THAN DOMESTIC PRICES

All of the remaining cases fall into one or another of the types of price policy under group III, cases having some export prices lower than domestic. The reader will recall that every case in which some export prices were lower than domestic prices for similar goods to a similar type customer, after adjustment for differences in costs, was classified under group III, except where it was definitely a temporary phenomenon. The lower prices may apply to only a few items in a wide and varied line of products or to only a few foreign markets out of a world-wide distribution. Prices of other products of the business organization may be higher than domestic prices and profits on export business as a whole may be substantially greater than profits on domestic business. All these facts will be brought out in the following discussion. But in each of these cases at least some export sales are made at an actual price concession or the equivalent of a price concession in the terms and conditions of sale.

It is worth noting at the outset that in all but one of the cases in group III there is some price variation from market to market in the export business. That is, regardless of the type of export price policy, some markets are being sold at lower prices than other markets for a few or more items that the company manufactures. Price variation among export markets also appeared in the first five cases of group I in which export prices were higher than domestic prices. In those cases export prices were not uniformly higher to all export markets and in the cases in group III (except one) export prices are not uniformly lower to all export markets.

Type 7.

Standard export prices same as domestic but concessions given in some markets.—The first type to be considered is that in which the basic export price policy, and that which applies to the bulk of the

export sales, is the same as type 6. That is, these companies use their domestic prices as standard export prices and consummate a large share of their export sales at those prices. However, in each of the eight cases in this group, there are exceptions—to particular markets or on particular transactions price concessions are granted. In no case was more than 20 percent of the export sales made at prices below the standard prices, so it can be said that the price concessions are exceptions to the general policy of selling domestic and export at the same prices.

The products in these cases are given in the following table. It will be noted that three of these cases show export business to be a little more profitable than domestic despite lower prices on a portion of exports. This is due to the price differential being offset by smaller selling costs for exports as a whole.

Product	Export profits kept separate?	Export more or less profitable
1. Machine tools and air-conditioning equipment..	No.....	Questionable.
2. Extensive heavy machinery line.....	No.....	Do.
3. Paper and stationery specialties.....	Yes.....	Export slightly more profitable.
4. Control and measuring instruments.....	Yes.....	Do.
5. Heavy industrial chemicals.....	Yes.....	Export less profitable.
6. Brass plumbing specialties.....	No.....	Questionable.
7. Cigarettes and other tobacco products.....	No.....	Do.
8. Abrasive grains.....	No.....	Export slightly more profitable.

Several examples are given below for illustrative purposes:

Example 16.—This company manufactures machine tools, ventilating fans, and air-conditioning equipment. Most of its business is in stock items, but some is contract business which is obtained by submitting bids.

The stock items all have standard prices f. o. b. factory. As the usual practice in export is to quote f. a. s. New York, the company adds a flat 10 percent to the domestic price to cover the costs of export packing, inland freight, document, etc. While these costs vary from shipment to shipment, the average is about 10 percent, so that this percentage is used to avoid numerous small calculations. On occasion however, when the foreign agent reports competition that can be met by a moderate price concession the company will absorb this 10 percent cost for f. a. s. billing. Only a small share of the export business is subject to this price concession.

For the contract business the company has a formula of the usual labor-materials-and-overhead type that is applied to determine the price quotation. But competition does not allow the consistent use of this formula. However, the management states that downward revisions of prices on this type of business are more frequent in domestic quotations than export, because the company in most instances is too far away from the export market and knows too little about the competition there to be able to price specifically for it.

The company does not have separate accounting for export sales, and therefore does not know how the profit on export business compares with domestic. The guess of the executive is, however, that exports are a little more profitable, as there is proportionately less servicing after a sale is made and very little advertising abroad. But

exports would definitely be much less profitable if the 10-percent price concession had to be given on all sales abroad.

Example 17.—This company manufactures an extensive line of paper and stationery specialties. It has two price lists for the domestic market—one for jobbers, the other for direct retailer accounts purchasing \$500 or more a year. Freight on domestic sales is absorbed by the company except to a few accounts in the far west, where the billing is f. o. b. its Chicago sales office. Terms are 2 percent 10 days, net e. o. m.

Domestic prices are used for over 90 percent of the export sales. On a small percentage, probably not over 2 percent, direct price cuts are given of from 5 to 15 percent of the domestic price. On another small percentage of the business the products are not sold in the same form as in the domestic market. In order to reduce ocean-freight costs or high tariff charges based on gross weight, the products are shipped in bulk, unboxed, or in special light-weight containers, and an allowance given for the cartons or wrappings that must be supplied by the importer. His allowance is generally larger than the cost would be to the company and the net return on these sales consequently lower.

All export sales are f. o. b. factory and terms net 60 days after arrival of the goods. The company does not charge for export packing, but it limits direct accounts to those who can purchase \$1,000 or more a year.

Profits on the export business are kept separately, and consistently show a somewhat higher rate of return on sales as a whole than domestic. This is due to lower selling expense, less advertising, and no freight cost on export sales.

Example 18.—The products in this case are heavy industrial chemicals, predominantly bulk materials. All sales, domestic and export, are on a f. o. b. factory basis. In most of the export transactions, prices are identical with domestic prices. In some instances, however, dependent upon market conditions in the particular country involved, and upon the profit margin in the particular product, price concessions are offered to export customers of as much as 8 percent. The management estimates roughly that the average price of export sales is about 3 percent less than for domestic sales for those products which are exported. Profit margins for many products are so small that no concessions can be made and most items in the line cannot be exported. Profit statements are prepared separately for export and domestic business. Domestic business is consistently more profitable than export due entirely to higher average prices. The ratio of selling expenses to sales does not differ materially between export and domestic business.

Example 19.—This case concerns a manufacturer of tobacco products, of which only cigarettes are exported. The net price to most export markets is equal to the domestic price less excise taxes and dealers' discount. On occasion price concessions are made to markets in which the currency has depreciated. The depreciation of a foreign currency might also result in a lower net export price to the company because it has been selling in the foreign currency or because it was under contract to a foreign government monopoly to deliver its products at a price fixed in the foreign currency. A profit statement is not computed separately for export sales, nor could the executive estimate whether export business was more or less profitable than domestic. He did not think that the question was very meaningful in view of the small volume of export sales.

The comparison of profitability of domestic and export sales in these cases represents a combination of two factors. The first is the lower prices received on some part of the export sales which would, if all other things were equal, make export business as a whole less profitable than domestic. The second factor is the relation of selling and distribution costs on domestic and export sales to the difference between the standard domestic and export prices. Of itself, this factor may result in a difference in the profitability of exports either way just as in the cases of group II, type 6.

Type 8.

Export business with different type of customer than domestic; concessions given in some markets—quite a few firms in the sample follow a different method of distribution in export markets than in the domestic market. For example, domestic sales may be only to retailer or directly to the consumer, while export sales are made to wholesalers or exclusive distributors. Since the company performs more distribution functions in the domestic than in export markets, a lower invoice price to export customers need not represent a price concession.

The seven business organizations which have been classified under type 8 all transact a substantial part of their export business with a different type of customer than in the domestic market. Furthermore, they have a relatively standardized price differential between the two types of customers which, if adjusted for the added costs of the functions performed in the domestic market but not in export markets, does not represent a price concession on export sales. If all export sales were consummated at the company's standard export price, one could say that domestic and export prices were equal and these cases would be in group II. But, in each of these cases, some part of the export transactions are made at prices lower than the standard export price, and therefore at lower than domestic prices. The price concessions are to particular countries to meet local market conditions.

These seven cases are listed in the following table.

Product	Is a separate profit statement prepared for export sales?	Is export business more or less profitable than domestic?
1. Artificial teeth.....	No.....	Questionable.
2. Fountain pens and mechanical pencils.....	Yes.....	Export less profitable.
3. Safety appliances.....	Yes.....	Do.
4. Sanitary napkins and cleansing tissues.....	Yes.....	Do.
5. Typewriters.....	Yes.....	Do.
6. Typewriters.....	Yes.....	Export more profitable.
7. Abrasive and refractory products.....	Yes.....	No difference.

The following examples are of this type.

Example 20.—This company manufactures an extensive line of artificial teeth. In the domestic market its sales are entirely to wholesalers (dental depots) who in turn supply the needs of the profession—dentists and dental laboratories. These wholesalers carry the products of many manufacturers. The promotion function, therefore, rests chiefly upon the manufacturer. It must acquaint the profession with its products and induce the profession to order those products from the wholesaler. In order to do this, the company advertises in professional journals, maintains exhibits at the conventions of the

profession in order to demonstrate its products, and canvasses the profession, individually and in groups. As a consequence, selling costs are an appreciable item of expense, at a rough estimate about 25 percent, on the average, of gross sales.

In its export business, the company has two types of selling procedures. For covering Europe and adjacent territories, the company has appointed an exclusive agent to sell to wholesalers and perform all the selling functions with the profession that the company does in the domestic market. Net prices to this exclusive agent are about 30 percent lower on the average than domestic wholesale prices. This discount is not the same for all items in the line but varies from approximately 25 to 35 percent, depending upon the profit margin in the item and foreign prices for similar items. The management was inclined to believe that the net returns to the company on this portion of export business was on the average somewhat less than the net return on domestic business when selling expenses in the domestic market are deducted. However, an unqualified answer was difficult to get because the ratio of selling expenses to sales differs from year to year as the volume of domestic business fluctuates. While it cannot be said that the discount to the exclusive distributor on the whole represents a price concession there are price concessions in the higher discounts given on a few items in the line.

The remainder of the export business is handled precisely the same as domestic; that is, the company sells directly to wholesalers in the various markets and performs all the selling functions with the profession that it performs in the domestic market. It advertises in the local professional journals, prints catalogs in various foreign languages, and canvasses the profession in various ways to acquaint it with the products of the company. Standard prices for this class of export business are identical with domestic prices and the bulk of the sales are consummated at those prices. At the present time, however, in a few markets the company is giving price concessions, averaging about 5 percent, due to the fact that a foreign producer is trying to get a foothold in those markets.

The management has never attempted to compute profit statements separately for overall domestic and export business. There is apparently some difference of opinion within the organization as to which is the more profitable although the executive interviewed believes that there could not be a significant difference.

Example 21.—The company in this case manufactures a few high-quality stationery items—fountain pens, mechanical pencils, and inks. In the domestic market all sales are made directly to the retailer, but in export markets the company has two types of customers. In Latin America and the Far East the company's own salesmen deal directly with the retailers at prices the same as in the domestic market. In Europe and most other territories, the company has appointed exclusive distributors who assume all local selling and credit functions. The price policy of the company in terms of discount from standard list prices is as follows: On the direct-to-retailer business there is a slight difference between domestic and export procedure designed to expedite the conduct of the business. In the domestic market the basic discount is 40 percent, to which is added quantity discounts on a sliding scale from 4 to 10 percent in proportion to the volume of purchases. In exports on the direct-to-retailer business,

the basic discount is likewise 40 percent. Instead of a sliding scale of quantity discounts, however, the company offers an additional 10 percent on orders of 12 dozen or over only. There is a greater difference in the price policy because domestic customers are given cash discounts of 2 percent while export customers are given 5 percent for cash and 2 percent for payment on first presentation of papers.

To its exclusive distributors abroad the company gives a basic discount of 50 and 10 percent, but there are some variations which made the discount slightly greater in a few markets.

The company computes a separate profit statement for its export department and has found that export business is consistently less profitable than domestic. The reasons for this are that (1) sales expenses in exports under direct-to-dealer business are considerably higher than in the domestic market, being apt to run around 20 percent of receipts in exports and about 10 percent domestic. This is due to the fact that more expensive type of salesmen must be used in export, travel abroad is more expensive, and advertising expenditures are larger abroad in proportion to volume. (2) On the exclusive distributor business the net return to the company is lower than domestic sales receipts minus selling costs. (3) Larger cash discounts are paid in the export business and the company has to wait longer for its money on business which is not discounted—for example, it takes about 5 months to get money on a 90-day sight draft from certain distant points.

Example 22.—This case and the one following present an interesting contrast because of the different results achieved by two companies producing the same commodities and following substantially the same price policy. This company manufactures a complete line of standard and portable model typewriters. In the domestic market the standard model machines are sold direct to the consumer through the branch sales offices of the company and by the company's own salesmen. The bulk of the portable machines, on the other hand, are distributed through retail establishments of various types. Thus the standard-model machines are sold by the company only at retail at well-known list prices, which are the same throughout the nation, but from which, however, discounts are given to large consumers, depending upon the quantity purchased. The portable machines are sold to dealers at standard trade discounts, which do not vary with quantity.

In export markets the company has appointed exclusive dealers to handle all machines. While the company has field representatives traveling abroad who call on the dealers in order to stimulate their sales efforts and advise on policy, the independent dealers must do their own advertising and bear all distribution and selling expenses. The list prices used in exports are slightly lower than the domestic list prices. But as export prices are all subject to discounts given to the dealer, the list prices are not particularly meaningful. On standard-model machines the discount given to dealers abroad varies somewhat from market to market in order to allow the local dealer to meet the competition existing in his market. The range of variation is approximately from 40 percent off the export list price to somewhat over 50 percent.

The management has attempted to compute the average net prices received by the company on domestic and export sales. It finds that the average net received on domestic sales through branch offices, after

deducting advertising, commissions, and branch expenses, is approximately \$58, while the average net received on export sales of an identical machine would be approximately \$55.

Net prices received by the company on portable models are more nearly comparable as the bulk of the sales, both domestic and export, are to dealers. Net export prices in most instances are slightly less than domestic prices for the higher-price models and slightly more than domestic prices for the cheaper models. There are some variations from the standard export prices. In a few markets the company is getting higher prices on the whole line, while in other markets where the competition is more intense, prices are even lower than the standard export prices.

The management has separate profit and loss statements prepared for export sales and has found that its export business is less profitable than domestic. The average net price in the domestic market, less all the costs involved in direct-to-consumer business is still higher than the average net price received from export sales. In addition, there are other costs in export, which, while not very great, still contribute to make export business less profitable. For example, there is some special manufacture for export, the products must be more expensively packaged, etc.

Example 23.—The second company also produces a complete line of standard and portable model typewriters, as well as other products which will not be considered here. Its selling policy in the domestic and export markets is essentially identical with that of the preceding case. It, too, has found it necessary to give price concessions from its standard export discounts in order to meet the encroachment of foreign competition which is producing lower priced machines.

The company has separate profit and loss statements prepared for its export business, but in contrast to the previous case, it has found export to be more profitable than domestic. The cost of advertising, distribution, selling, and the maintenance of branch offices are more in this case than the difference between the net price received in the domestic market and the net wholesale price received on export sales. The company has virtually no advertising expenses in export and selling costs are very small. In addition, a considerable part of its sales in the domestic market are to large users at substantial discounts.

Type 9.

Standard export prices lower than domestic prices for some commodities.—The price policy in the six cases of this type can be described as follows: The company has standard export prices which are closely adhered to but their export prices for at least some of the products in the company's line are lower than the domestic prices for identical products. That is, the standard net export price is lower than the standard net domestic price for some products, with full consideration given to whatever differences in the cost of doing business that there might be. In two of these cases export sales are made to a different type of customer and invoice prices had to be adjusted for that fact.

The one case of group III which made no exceptions or concessions from its standard export prices is among these six cases. In the other five cases there were some special price concessions given to par-

ticular markets in addition to the price concessions existing in the standard export prices.

In one case, a paint and varnish company, selling costs on exports as a whole are so much lower than on domestic business that exports are more profitable despite the fact that standard export prices on approximately 21 percent of the items are lower than domestic prices.

The six cases of this type are shown in the following table:

Product	Are profits on export sales segregated?	Is export business more or less profitable?
1. Office supplies.....	Yes.....	Export less profitable.
2. Compressors and pumps.....	No.....	Exports probably less profitable.
3. Professional equipment and supplies.....	Yes.....	No consistent difference.
4. Branded food products.....	Yes.....	Exports a little less profitable.
5. Stationery supplies.....	No.....	Exports less profitable.
6. Paints, varnishes, etc.....	Yes.....	Export more profitable.

Example 24.—This company manufactures a few items of office supplies. In the domestic market the company sells only directly to the consumer through its own sales branches and traveling salesmen. All customers in the domestic market are sold from the same price sheet which shows prices in a descending scale as quantity purchased increases.

In export markets the company sells to independent wholesalers who must assume the burden of distributing the product to independent retailers or to the consumer. The domestic price sheet is used for export sales, but as these are wholesale transactions prices are subject to a trade discount. The only significant difference in the cost of doing business, domestic and export, is the maintenance in the domestic market of the branch salesrooms and salesmen which perform the retail function. The expenses of the sales branches and of the salesmen attached to each vary approximately from 38 percent of sales to 50 percent, with the average about 45 percent. The standard discount given in exports is 50, 10, and 5. Thus, the standard net export price is lower than the domestic price less average selling expenses. In addition, the company gives somewhat higher discounts in a few markets where competition is unusually intense. Profitability of export sales is calculated separately from domestic, and consistently shows export business to be less profitable than domestic, owing primarily to net prices of exports being lower.

Example 25.—This company manufactures a few types of machinery products of which compressors and pumps are the primary items. It maintains several branch sales offices in the domestic market and also distributes through independent manufacturers' representatives. Sales are made either direct to the consumer or to other manufacturers who incorporate the equipment in their products receiving a discount of 15 percent under list. The company distributes abroad through local commission representatives. Its standard price for export are identical with domestic prices. However, the billing is f. a. s. New York and includes export packing. These costs represent a price concession of about 5 percent.

The company has never prepared comparative profit statements for domestic and export business. Since the organization is rather

small and exports only between 5 and 6 percent of its output, the management does not believe that any extensive record keeping would be justified. It estimates that in view of the commissions paid to local agents and the moderate price concession that is made on export sales, that export business is slightly less profitable than domestic.

Example 26.—The manufacturing efforts of this company are concentrated upon two products of stationery goods. Although the company makes several other products, they are of minor importance and are not exported. One of its two main products, which accounts for the bulk of its sales, both domestic and export, is produced to sell in three price classes for three different types of trade. Only that product which in the domestic market represents the highest price class is sold in export, as foreign prices for all but first-quality goods in this line are so low that the company cannot compete on a price basis. In the domestic market the company issues separate price lists for wholesalers and retailers, but in export only one price list is used, as the distinction between wholesalers and retailers in many foreign markets is usually not clearly drawn. From the company's standpoint, however, export sales are comparable to sales to wholesalers in the domestic market. The standard export price for this product is 20 percent lower than the standard domestic price to wholesalers for identical commodities. In a few markets, the company is selling as much as 25 percent below its standard export price in order to meet special temporary circumstances.

The firm's other major product is manufactured to sell in domestic markets in a specific price class; some models are made to sell at retail for \$1 while other models sell for \$1.50. The domestic prices to wholesalers are \$6 and \$9 per dozen, respectively. As the \$1 and \$1.50 prices have no significance in export markets, the company has established export prices of \$7.20 and \$10.80 per dozen, respectively, for these models, or a price 20 percent higher than the domestic for the largest selling items.

The company has never attempted to calculate separate profit-and-loss statements for export sales. There is no doubt in the management's mind that export business is much less profitable than domestic. While selling costs for export are somewhat lower than in the domestic market, they are not sufficiently lower to offset the 20 percent lower price received in export on sales of the firm's major product. In fact, the management is inclined to believe that the export department was run at a loss before the introduction of its new product 3 years ago, for which it receives a higher price from export customers.

Type 10.

Domestic and export sales departments establish prices independently on basis of factory costs plus distribution costs; some concessions in export.—The distinguishing characteristic of pricing policy in cases of this type is that the export and domestic sales departments are operated as independent business units and each unit is completely autonomous over matters of selling policy and price. It so happened that all the cases using this type of procedure made some of their export sales at lower than domestic prices. Each sales department is charged by the factory at factory costs (labor, materials, and factory overhead) for all orders it places. It is also charged its share of general administrative overhead. It spends whatever it sees fit on selling and distribution, and each department fixes its own prices in an effort

to cover its cost items—factory costs, administrative overhead, and department expenses—and show a profit. The point that distinguishes this type of price policy from type 5 is that the factory price does not include a profit so that the various sales divisions are expected to fix such prices as will yield a profit after all costs are met.

This description is not meant to imply that the domestic sales manager has final responsibility for domestic prices. The leading officers of the company are almost always concerned with the determination of domestic prices. It was found, however, that export prices are generally left to the judgment of the export manager and that he is under no obligation to consider domestic prices in any way in fixing prices for export. His obligation to the company is to manage his department so as to get the volume of sales that satisfies the head office and to show a maximum profit on his operations.

Where a procedure of this type is followed there is likely to be a significant difference between the pricing and selling policies in the domestic and export markets. The domestic department must usually offer substantially the same price to all customers of a particular class, both because of legal restrictions against price discrimination and because of the difficulty of keeping price concessions to certain customers a secret between the two parties. But the export manager usually finds no such limitations upon his pricing and selling policies, at least for distinct national markets. He can vary selling expenses from market to market, depending upon what he thinks will produce the best results in each market. And he can vary prices from one market to another from a point at which the price covers only factory cost, plus out-of-pocket expenses, plus a small portion of overhead (or even take a loss, if he anticipates a future return from developments) to a point at which the price yields a substantial profit to his department. In all the cases of this type it was found that export prices varied considerably from market to market. While the export departments in most instances have price lists showing their standard quotations, the departures from the list are so numerous as to make the standard prices virtually meaningless.

The 15 cases shown in the following table have a price policy of this type. It is obvious that the company must be able to judge rather accurately the profitability of export sales in all these cases, even though actual profit and loss statements for export sales are not prepared by the accounting department.

Are export sales more or less profitable than domestic?

Products:

1. Stationery and school supplies.....	No consistent difference.
2. Pharmaceutical specialties.....	Export less profitable.
3. Extensive drug line.....	Do.
4. Extensive drug line.....	No consistent difference.
5. Automotive and household chemicals.....	Export more profitable.
6. Industrial lubricants and specialties.....	Export less profitable.
7. Photographic equipment.....	Do.
8. Industrial machinery and equipment.....	Do.
9. Tools.....	Do.
10. Linoleum and related products.....	Do.
11. Structural insulating and wallboard.....	Do.
12. Lime, plaster, and related building materials...	Do.
13. Reinforced building paper.....	Do.
14. Electrical machinery and equipment.....	Do.
15. Carbon products.....	Do.

Example 27.—This company manufactures a high-priced line of stationery products and school supplies. The domestic sales department deals with jobbers, wholesalers, chain stores, commercial and contact agents, retailers, and school-supply houses. It issues only one price list which shows various prices for each commodity according to the quantity purchased. No special discounts are given to any class of trade.

The export department also issues a price catalog which shows considerable variation both above and below the domestic prices, item by item. But as most transactions in export are made at some discount from the prices shown in the catalog, a comparison of the catalog prices with domestic prices would not be very useful. In actual practice, the export sales manager attempts to set a price for each product and in each market to meet local competitive conditions. The net result is that each product is sold at many prices, in some cases above the domestic price, but in many more, below the domestic price for a comparably sized order.

The export manager has a minimum price below which he knows he cannot go without causing an actual loss to his department. But above that minimum he simply tries to get the best price that local market conditions will allow, taking into consideration the volume of sales that can be made at whatever price he chooses. As the company manufactures a good many commodities and as each product is sold at many prices in various export markets, some higher, some the same, and some lower than domestic prices, it is hardly possible to arrive at an average export price with which to compare the domestic price schedule. However, the range of prices in exports in comparison with domestic prices is well illustrated by the prices of two of the company's more important products.

	Product A	Product B
Domestic price per gross.....	\$8.00	\$18
Argentina (f. a. s. New York).....	9.00	27
Cuba (f. a. s. New York).....	7.50	21
Colombia (f. a. s. New York).....	7.20	24
Puerto Rico (f. a. s. New York).....	7.20	18
Philippines (f. a. s. New York).....	7.20	21
Mexico (f. a. s. New York).....	6.75	18

Prices to other countries lie between the extremes shown in the table.

It is on relatively few products that the export department can set prices higher than the domestic price. Export prices are either about the same or, more often, lower than domestic prices. (This, of course, refers to invoice prices.)

The company has separate profit statements prepared for its export and domestic sales. Despite the fact that export prices are lower than the domestic prices in more cases than they are higher, the company has found very little difference between the profitability of domestic and export business. There is, of course, some variation from year to year. In the management's opinion, the difference in the rates of return from one year to another is more dependent upon general business conditions here or abroad than it is upon whatever price differences may exist.

Example 28.—This company manufactures a few pharmaceutical specialties. Domestic sales are made to wholesale drug houses and retailers large enough to buy in wholesale quantities. All sales efforts, however, are directed toward the medical profession itself, as the products are usually bought by the consumer only upon the recommendation of his physician.

The export department is charged by the laboratory at cost of production for the orders placed with it, in the same way as the domestic sales department is charged. In the case of a few products the laboratory costs for export are not the same as domestic costs, as special containers or other differences are required. On several products, also, the containers have directions to the user in the language of the country of destination, and when the volume of sales to that particular language group is small the cost of manufacture is increased.

The export manager states that in pricing his product he tries to arrive at an f. a. s. price for each country which will allow the product to be sold in the country of destination at a retail price approximately equal to similar competing products. He does not like his product to be the highest priced of its kind on the druggist's shelf, nor does he feel that it should be among the lowest-priced products. The point is that in trying to arrive at a retail price in the country of destination he must take full account of what the landed cost of the product will be in that country in arriving at his price in dollars f. a. s. New York. The result is that each of the products of this company is sold in export at a rather wide variety of prices. The export manager states that if he does not happen to be acquainted with local competitive conditions in a particular market he is apt to use the domestic price until he finds that some other price might be more profitable.

In comparison with the domestic prices, the variations in export prices are all downward; that is, no export sales are being made at prices higher than the domestic price, although there is some volume of exports being made at identical prices. The export manager could not even roughly estimate how much lower the average export price was than the domestic price for any product. An indication of the range of export prices can be obtained from the following example of one of the company's major products. The product sells in the domestic market at \$8.33 per dozen, delivered. At the present time this product is being exported to 24 foreign markets at the following net prices, f. a. s. New York:

19 countries	\$8.35	1 country	\$6.56
1 country	7.75	1 country	5.30
1 country	6.95	1 country	5.00

It so happens that in this case the laboratory costs are the same for export as for domestic sales.

While the export department consistently shows a profit after paying laboratory costs, general overhead, and expenses of the export department, this net profit on sales is consistently lower than that of the domestic sales department. The reasons for this are as follows: (1) The average domestic prices are higher than the average export prices; (2) the laboratory costs of manufacturing for domestic are lower; (3) both sales departments have approximately the same proportionate expenses in soliciting the profession, but the export department must pay commissions to local agents while the domestic depart-

ment has no comparable sales expense; (4) the profit of the export department is continually reduced by exchange losses where sales are being made in local currency. It has largely discontinued the practice of pricing in terms of local currency, after experiencing substantial exchange losses during the past decade.

Example 29.—This company manufactures an extensive line of pharmaceutical products, including biological products, home necessities, vitamin products, pharmaceuticals, professional pharmaceutical specialties, and chemicals for the drug trade. The export department has complete autonomy over export prices and tries to set an f. a. s. export price for each foreign market so that the local merchants will be able to sell the product at approximately the same price as competing products in that market. Where there is no need for a special export price or where the export manager is not sufficiently acquainted with local conditions to set a special price, the domestic price for the product is used. A large share of the export sales are made at prices identical with domestic.

A few products are sold in some foreign markets as much as 10 percent higher than the domestic price, and many more are sold at lower than domestic prices with the differential as high as 25 percent.

The costs of doing business differ widely from market to market and on the whole differ considerably from domestic distribution costs. The export department has profit statements prepared separately for every foreign country to which it exports, precisely the same as the domestic department has separate statements prepared for its various branches throughout the country. Profitability of export sales varies from country to country, but on the whole, no more so than the profits earned by the various domestic sales branches. On the average, the export business is just as profitable as domestic.

Example 30.—The following case is particularly interesting, as it illustrates the variety of selling procedures that has been virtually forced upon many manufacturers because of the development of diverse types of retail distribution of consumers' goods. The company manufactures over a hundred products which can best be classified as automotive chemicals and household specialties.

Ignoring the complications of corporate structure which have no significant influence upon the conduct of the business, the selling procedure of the company may be described as follows: In order to service the domestic market, the organization has several selling departments, each of which caters to an individual type of customer, such as 5-and-10-cent stores, automotive chain stores, large department stores, private-brand wholesalers, and independent jobbers and dealers. The company's own branded line of products which is nationally advertised and its first-quality merchandise are sold only to independent jobbers and dealers. The other types of trade buy unadvertised brands or nonbranded products on a strictly price basis. In some cases, the actual contents of a container in the nondescript brand may be exactly the same as a product sold under the company's own brand. In other cases, the size of the container may be varied; for example, to allow the product to be sold at a profit in 5-and-10-cent stores. In still other cases the product itself may be cheapened in order to get it down to a price class that meets the customer's needs. The important factor, however, which makes all

other prices lower than those of the branded line is the small proportion of selling costs when advertising is eliminated and quantity sales are made.

Each of these sales departments is billed by the factory at factory cost whether these costs are the same, higher, or lower than the cost of similar products in the company's branded line. Each of the sales departments is also charged with the direct expenses of its department plus its share of the general administrative overhead, and is expected to earn a profit over these costs.

The export department handles only the company's branded line of products. It is charged by the factory exactly the same as the corresponding domestic sales department handling the same line of products, and it is expected to cover its departmental expenses, its share of general administrative overhead, and to show a profit above these costs.

The selling expenses of the domestic department servicing independent jobbers and dealers are vastly greater than those of the export department. It advertises on a national scale. It has a host of salesmen covering the country from one end to the other. The export department, on the other hand, handles the bulk of its business by mail except for occasional trips abroad by the export manager. The export department has virtually no advertising expenses. Thus, while the export department handles exactly the same products as the corresponding domestic department, its entire selling procedure is different.

Other than the product itself, the only competitive weapon which the export manager employs to help him increase the volume of his sales is price. He may have a different price for almost each of the 150 markets to which he sells. He varies the price according to the type of representation he has in the foreign market; that is, jobbers, dealers, manufacturers' agent, or exclusive distributors. He varies it also according to local competitive conditions and to what the retail price in the local market must be after landed cost and the dealer's margin have been added to the f. a. s. price. The consequence is that the range of prices at which export sales are consummated is very wide. The lowest price is considerably less than the domestic price even allowing for a much higher proportion of selling cost in the domestic market, while the highest price in export is considerably above the domestic price if allowance was made for the difference in sales expenses. As an example of the range in export prices and the comparison with the domestic price for an identical product, the following figures are representative.

Domestic price per dozen-----	\$3. 51
Export prices:	
Colombia, Gibraltar, New Guinea, etc-----	3. 24
Japan-----	2. 55
Syria-----	2. 50
Union of South Africa-----	2. 40
Cuba, Uruguay-----	2. 25
New Zealand-----	2. 15
India-----	2. 02
Argentina-----	2. 00
England-----	1. 93
Belgium-----	1. 76
Australia-----	1. 75
France-----	1. 50

These prices are f. a. s. New York, in wholesale quantities. Retail prices abroad, after payment of ocean freight and duties are invariably higher than the domestic retail price. For example, on the above product, which retails in the American market at \$0.60; the price in England at the current rate of exchange is \$1.12; Australia, \$0.85; France, \$0.86; Union of South Africa, \$0.74; the Argentine, \$0.62½.

The export manager explained that his rule-of-thumb method of pricing is to double the price at which the product is charged to him by the factory. He knows from experience that if on the average he gets double the factory cost for each product, at the end of the year his department will show a profit. For example, the factory costs for the above product are \$1.02, so that even the price to France of \$1.50 covers the factory cost, the out-of-pocket expenses of the export department, and part of the administrative overhead with which the department is charged.

As has been indicated above, the operating expenses of the export department are considerably lower than the operating expenses of the domestic department handling the company's branded line of products. The manager of the domestic department states that his department's expenses, that is, the selling expenses, average approximately 50 percent of receipts from sales, while the export manager states that his departmental expenses vary between 20 and 35 percent of sales per month, depending upon the profitability of the items exported and the market to which the bulk of the shipments happen to go. There is no way of comparing the overall experience of these two departments except by the profitability of their operations. This comparison is a very simple one because of all the departments in this organization, the only one which has consistently lost money in recent years is the domestic sales department which handles the branded line. The export department has continuously shown a substantial profit, as have the other domestic sales departments. But the domestic sales department which services independent jobbers and dealers has for years been faced with higher and higher selling costs as its volume of sales have tended to decrease. In fact, the company was forced to sell to the newer merchandising outlets (chain stores, etc.) because its sales to independent dealers were dwindling and it thus had no outlet, or not sufficient outlet, for its manufacturing capacity.

Type 11.

All foreign sales made by company branches; concessions in some markets.—There is a similar type of export price procedure which, while followed by several cases in the sample for part of their export business, was employed exclusively by only one case. This method of pricing is one which can be used only by firms with foreign selling branches. The foreign branches are invoiced at factory costs and they fix their prices independently of domestic prices. The invoice prices are only nominal, representing intercompany bookkeeping entries, and they do not include any profit on the transaction. The foreign branch must calculate its landed cost, its local distribution costs, and attempt to get prices and volume large enough to yield a profit.

This system is being used by several cases in the sample, for part of their exports, usually by companies with branch factories abroad. Goods are shipped in a semimanufactured condition and finished

abroad. Either because a large proportion of the final costs are contracted abroad or because it otherwise facilitates the conduct of the business, the foreign branch is billed at factory costs and profits are reported as earned by the branch. But in these cases most of the exports are to independent importers and the price comparison presented in the study made was between those export sales and domestic sales. Branch factory transfers could thus be ignored.

In one case, however, all export sales are made to foreign branches—the company and its foreign affiliates handle all business. There is no intermediary between it and the consumer, either in domestic or foreign markets.

The approximate measure of price differences in such a case is the net per unit profit market by market. Since each factory branch is billed at factory costs to which it must add all its distribution costs, the net return per unit of sales measures the difference in price above differences in costs.

In this case the net return on sales in several foreign markets is considerably lower than the net return earned by any sales branch in the domestic market. Not only are prices adjusted to the lower purchasing power prevailing in those foreign markets but a cheaper product, not sold in the domestic market, is produced for them upon which a relatively smaller mark-up is included in the price.

Type 12.

All foreign sales made at less than average costs.—All the cases of group III which have been discussed up to this point generally operate their export departments at a profit with all costs considered. Although the export prices on some products or some transactions are often less than long run or full costs of production—i. e., the export price does not cover full overhead or even factory costs—the prices on export business as a whole are high enough to cover all costs and yield a profit. The rate of profit on exports is as has been pointed out, often less than the rate of profit on domestic business but, except during periods of depressed business conditions, the export department is profitable.

The next six cases have been grouped together because in all of them virtually all export sales are consummated at prices which do not cover full or average costs. It is, perhaps, straining a point to speak of this as an export-price policy. Nevertheless, these cases are similar in the results achieved by their export departments. In the products handled by these firms export sales can be obtained only at prices which do not cover full factory and administrative overhead. It might be said that the price policy is to accept export business at any price above out-of-pocket costs or even less on the transaction. An export department which cannot earn a profit after being charged with its full costs is, nevertheless, operated because its sales reduce overhead, cut factory costs, or in some other way assist in the conduct of the business. However, occasional sales in all the cases of group III are probably made at prices equally low. But in the six cases considered here there simply is not any other export business at offsetting higher prices.

It is quite probable that in some of these cases a small volume of export sales would be obtained even if the firm refused to sell at less than domestic prices but the volume would be too small to maintain

an export organization or even an export manager equipped to handle the business. The low export prices are quoted, therefore, in order to get a volume of business sufficiently large to enable the company to maintain a staff equipped to handle export orders. In other of these cases, however, no export sales could be secured at domestic prices.

The products of these six firms are :

1. Cotton yarns.
2. Household cotton textile products.
3. Plumbing fixtures and related products.
4. Specialized chemical products.
5. Glass products.
6. Glass products.

A few examples will reveal that the circumstances in these cases are not identical except for the fact that export prices are substantially below domestic price. There is a common element of policy in the fact that these firms engage in exporting at all in the face of quite unfavorable foreign market conditions. Many other firms including some of those in our sample would simply forego exporting under such conditions.

Example 31.—This firm produces certain household textile products of which turkish and hand towels and bed linens are the important items. The domestic market is serviced by various sales departments, each selling to a distinct type of trade—e. g., independent retailers, wholesalers, department stores, chain stores, institutions, etc. Products are manufactured specially for each type of trade according to the price class required and each line of products is sold only to the type of trade for which it was designed. The sales departments usually have a quantity scale of prices and discretionary prices which can be used by the salesmen under special circumstances.

The export department does not have a special line of products but it can sell any of the products of the domestic sales department without regard to the type of customers. It can, furthermore, sell in small quantities at the domestic quantity and discretionary prices. There are very few large orders in its export business and the small orders could not be obtained at the domestic prices for comparably sized orders. In addition the company must pay foreign agents commission of 5 percent, which it considers a net addition to costs as domestic and other export distribution expenses are otherwise about equal. Even with these price concessions there is little foreign demand for its products. The export business is in the specialty goods rather than the staple products of the company.

The management has never been enthusiastic about export business because foreign prices are so much lower than those prevailing in the American market.

Example 32.—The product in this case is a specialized chemical commodity. European competition quotes approximately 40 percent under United States prices, delivered in Latin American markets. This firm takes business at approximately 20 percent less than its domestic prices. At such prices it gets a significant volume in only one market, Cuba, where American products receive preferential tariff treatment. While the firm gets occasional orders from other markets these are small in total and of an accommodation character

where fast delivery or some other factor compensates the buyer for the higher than European price. There is no significant export market for this product.

Example 33.—This company manufactures plumbing fixtures and related products. In the domestic market it distributes through its own branches direct to the trade or through independent wholesalers. The company's branches and independent wholesalers are charged at the same prices.

A large part of the export business is done at the domestic wholesale prices but in order to do this the company must give the export department a 10 percent discount from domestic wholesale prices. Of this 10 percent, 5 percent is required for commission to the foreign agent and 5 percent for the expenses of the export department. The net to the company is, therefore, approximately 10 percent less on export than on domestic business.

Moreover, on occasion, an additional 10 percent discount is given in export if it is necessary to get volume business.

Type 13.

Export agents and commission houses.—The remaining three cases are export trading companies which do not manufacture and do not have any domestic business. Most of their business is as commission representatives of the United States manufacturers but two of them buy and sell on their own account. They were included in the sample in an effort to determine the export pricing policies of American manufacturers who export through commission agents. The information presented below came from the export commission house and not from the manufacturers themselves. In all three of these cases a considerable part of the exports are at lower than domestic prices.

Example 34.—This company is an export commission house which is handling the following products in export markets for American manufacturers:

Men's shoes.	Cosmetics.
Underwear, men's and women's.	Textile finishes.
Men's shirts.	Dyeing machinery.
Pajamas, men's and women's.	Industrial products for hosiery and
Girdles.	girdle manufacturers.

Shoes, underwear, shirts, pajamas, and girdles are sold by the exporter for approximately the same prices (on an f. o. b. basis) as they are sold by the domestic manufacturers. The exporter works on a commission that is usual for this type of business. There could not be much difference, if any, between selling costs in the domestic market and the exporter's commission, so the net return to the manufacturer in each case is probably about the same on export as on domestic sales.

Export prices on the other products are all lower than domestic prices; 10 to 15 percent lower on cosmetics, 20 percent lower on textile finishes and dyeing machinery, and about 10 percent lower on industrial products. In these cases the producing mills are inclined to look upon exports as windfall business to take up some of their excess capacity. Obviously they consider it more profitable to take it at the price than to forego the business altogether. But (according to the export agent) they would be out of business if domestic prices were as low as export.

Example 35.—This company deals in all types of cotton staples and yarns. It is the export selling agent for many domestic mills and also buys and sells on its own account.

For products of this type domestic prices are very competitive and the margin of profit rather small. There are many producers of each product and price quotations are easily available and well known.

On the general run of export business the export agent merely quotes the market price and receives its selling commission from the mill. Its agents abroad are furnished with price quotations but they continually cable offers at lower prices. Such offers are submitted to a mill manufacturing the particular product and it either accepts, rejects, or makes a counter offer. The agent himself cannot quote under the market price. The price concessions that the mills may accept are always small—less than 5 percent.

The view taken by the mills is much different. Some are more willing to make price concessions than others, and in any case the willingness to make a concession is quite dependent upon how good domestic business is.

The commission paid the exporter is larger than usual domestic selling costs on this type of staple merchandise. The exporter must cover the costs of export packing, foreign agents' commissions, cables, cartage in New York, and his general overhead and profit. Therefore, the net return to the mills must be less on export business in almost all instances even when sales are made at the market price.

CHAPTER VI

THE ECONOMIC FACTORS DETERMINING EXPORT PRICE POLICY

In this chapter an effort will be made to explain the reasons for the diverse price policies disclosed in chapter V. To be sufficiently comprehensive, this explanation must embrace the reasons of management for its price behavior and also the economic or objective factors which limit management in its choice of price policy. Explaining price behavior is a precarious task, so that the discussion to follow must be considered tentative and exploratory rather than definitive.

EXPORT PRICES HIGHER THAN DOMESTIC PRICES

When an individual or a group of individuals organize a business enterprise there is a presumption that all efforts will be directed to making profits as large as possible within the limitations of legal restrictions and current business mores. It is to be expected that any firm will try to get that price for its product which will yield the greatest net return on its total operations. The impediments to a relatively high price are due, in general, to the prices of competing or substitute products, and/or the reduced volume of sales that results as the price is increased, and/or the variation in costs per unit of product as the output is reduced. If, in view of these conditions, a higher price will result in larger profits, there is a presumption that any firm will charge the higher price. No particular rationalization, therefore, is required to explain the willingness of the firms in group I to charge higher prices on export shipments than in the domestic market. With their knowledge of demand and cost conditions, they presumably are convinced that the higher export prices make their business more profitable than a price equal to, or lower than, the domestic price. What does require explanation, however, is how they are able to get the higher price. What peculiar circumstances give these firms the power to exact a higher export price and what prevents an equally high price in the domestic market?

With regard to the cases of type I the answer to this question is quite simple. The products in both these cases are derived from a raw material of which the major economically available supply is in the United States. Export prices in these cases are admittedly monopoly prices. This export monopoly rests upon two factors: (1) The United States producers collectively control a dominant share of world output and (2) they are effectively organized to control export prices—in these cases legally under the provisions of the Webb-Pomerene Act. Both of these factors are necessary for the maintenance of the higher export price. There must be control of output over the relevant price range. It is obvious that the supply abroad

must be relatively inelastic; that is, foreign production must not increase much when the price goes up, or the American producers will lose their foreign markets as they raise the price. And while the control of supply would be ineffective without the organization to exercise that control, the organization in itself cannot create that control. In all there are six Webb-Pomerene export corporations in our sample and only two fall in group I. Two of the others are in group II and two in group III.

As the producers in these industries do not have the legal right to organize and fix prices in the domestic market the presumption is that the lower prices in the domestic market are due to the degree of competition. While this does not mean that competition is absolutely unfettered among the producers in the domestic market the latter obviously does not have the same legal freedom to fix monopolistic prices as in export markets. Possibly there is no agreement as to prices in the domestic market; possibly the producers are deterred from fixing a higher domestic price because an antitrust action might be instituted; or possibly the deterrent is the likelihood that large domestic consumers would force their way into the industry. One can hardly expect to get an adequate and precise answer to this question from the industry itself.

It is interesting to inquire how it is that the foreign customer cannot buy at the domestic price simply by concealing his identity or by using a third party in the United States as an agent. In example 1, where the differential between export and domestic price was 20 percent, there would seem to be a pecuniary inducement large enough to lead to "bootlegging" of the product out of the United States. The management in this case states that the problem has never arisen but that foreign customers could not buy at domestic prices for two reasons. (1) The producers are well acquainted with the trade and know who in the domestic market is buying for his own use. If an order came in from an unknown person and the destination of the shipment was uncertain, they simply would not sell to him at the domestic price. (2) On the other hand, the customers who are buying at the domestic price would have little margin to cut the export price after paying freight costs and repacking for export shipment. Unless they directed shipment to the nearest port of export they could hardly sell under the export price of the company, and they could not request delivery at the nearest port of export without revealing their intention to the company.

While the cases in type 2 do not have the monopoly element in export markets that the cases of type 1 have, the basic explanation for the higher export prices is still that these firms are faced with a higher degree of competition in the domestic market than in their export markets. The products in all three cases of type 2 are more or less standardized commodities sold to industrial consumers for whom a brand name is of little significant. Prices for export are quoted c. i. f. and either there are no f. o. b. prices known to the export customer or he is unable to arrange for shipment himself.

Consider the facts given in example 3. The company sells in export at c. i. f. prices for which mill nets vary as much as 16 percent, and its mill net on export sales is never less than its net realization on domestic sales. Why is this rather wide variation in export prices possible?

The customer, of course, is interested in getting the product at a landed cost which will enable him to use it profitably or more profitably than using some other material. His landed cost is equal to the c. i. f. price plus the import duty. A very high duty will make sales impossible, and it is only in countries that have no local industry producing a similar product and where the duty is for revenue purposes that the company can get any business. A relatively low rate of duty or a favorable ocean freight rate or both will usually allow the company to get a higher f. o. b. price. Or it may be that these costs are merely lower than similar costs for a substitute product. Factors such as these determine local market conditions. The company is able to vary its price for export in accordance with local market conditions because the various local markets are independent of each other.

What if local market conditions demand a lower f. o. b. price than the average domestic net (f. o. b.) price? The answer is merely that the company, as a matter of policy, is not interested in export business at such prices and will not consummate sales that yield less than its domestic net price. The company has not been burdened with any serious excess capacity, it has not been forced to seek new markets for its output, and it has, in fact, been drawn into the export business only because it could get more attractive prices. In other words, the company has a favorable business position in the domestic market which permits considerable latitude with regard to export price policy. But the rationale of export price policy from the standpoint of the company does not explain the economic conditions which allow the company to maintain that policy. Why is it, then, that the company can get a higher price abroad than it can at home?

The answer is that there is less competition from other mills in the industry for export business than for domestic business. Most of the mills in the industry make no attempt to get export sales, but they do compete on a price basis for domestic business. There are several reasons for this condition. In the first place, while it is easy to canvass the domestic consuming trade by telephone or in person it is not so easy to make contacts with the foreign consumers. It could be done, but it is expensive and the volume of business that a mill just entering export could get would hardly pay for the effort and expense of getting it. Then, too, the industry knows that the possible volume of export business is not great enough to warrant the attention of many mills, so there is not much incentive to go after export business. Another factor of importance is that many mills are not located on tidewater, hence not so favorably situated to export their product. They could not accept export business unless the price covered inland freight, and for those located far enough inland this would erase the price differential. It must also be remembered that the export prices of the exporting company are very much a business secret. The foreign buyer, on the other hand, would probably be faced with difficulties in getting another supplier even if he knows that he might be able to get a lower price. He does business with the foreign agent on the spot and no other agents compete for his trade. He cannot without expense contact other firms and as he knows their United States delivered prices, which are either identical with or comparatively close to the domestic prices of the firm with which he is already dealing, he probably sees little incentive to do so. For these reasons competitive forces have failed to break

through the established lines of trade and bring export prices down to domestic prices. The company that was in the export market first remains in an advantageous position. Quite possibly this condition is not a permanent one, but the result only of what are usually called frictional impediments to the operation of the competitive process. At the present time, however, the export business is a series of isolated transactions in which the buyer and seller agree on a price. The buyer apparently has only limited knowledge of the American market and the seller has only limited competition. Prices are not made in a fairly well informed market consisting of a number of buyers and sellers, as is more or less the case in the United States.

The explanation of higher export prices in the other two cases of type 2 is quite similar; more firms are competing in the domestic market than in the export market. Coupled with this is the fact that the exporting firms are in a position to maintain their price policy; that is, they can refuse export business that does not yield a higher net return than domestic sales.

The economic or technological factors that restrict the export business to fewer firms than compete in the domestic market differ from industry to industry. In one of these cases the risk factor which has arisen in the past decade of exchange restrictions is an important deterrent while in the other case the complicated character of exporting techniques and the elaborate organization required to handle exports prevents the smaller firms from competing for this business.

The greater degree of competition in the domestic market is also the explanation of higher export prices in the type 3 cases. Because fewer firms are competing for the export market it has been possible to maintain higher list prices and proportionately lower selling costs. The products in these cases are branded consumers' goods and all the brands have definite consumer appeal. The company is able to exact a slightly higher price from the foreign distributor, because no one else can supply him with that particular branded line of products. The company appoints him the distributor and his business thereby becomes tied up with a particular brand. The distributor is hardly in a position to do anything but accept the price quoted him by the company.

Why are not more domestic producers competing in export markets? Many companies can produce and sell for the package trade of the domestic market but to do an effective job in export is a more difficult matter. The mere problem of getting an export organization abroad is a formidable one. The small size of many foreign markets, the limited number of dealers available in contrast to the domestic market, and the established reputation of certain trade names all limit the number of firms that actually do an extensive export business. For these reasons the position of a company that is established in export markets is more secure than its position in the domestic market. This fact suggests why advertising and selling costs are a much higher proportion of domestic sales than of export sales. But whatever the reasons, it is clear that competition by domestic producers in these industries is a more effective regulator of price in the United States than in many foreign markets. Another important factor from the company's standpoint is that in the domestic market there are models priced for almost every type of buyer. The relation between purchasing power and price is such that this product has

achieved mass distribution. This is hardly possible in most foreign markets to which the company exports. Total landed costs make the retail price much higher than in the United States and low purchasing power makes the product somewhat of a luxury item. Such a condition militates against price reductions.

At the same time the difference between domestic and export list prices for identical models must be kept rather narrow or this business would soon fall into the hands of the domestic distributors. While they are not at present equipped to handle exports they would soon establish the necessary marketing organizations if the price differentials were wide enough to make it attractive.

It is of great importance to note that the differing intensity of price competition in the domestic and export markets is not only a matter of the number of manufacturers selling in those markets. The variety of distribution channels in the domestic market and competition among the various types of retail outlets puts considerable pressure on the manufacturer to offer his product at a price that can meet the competition. The initiative taken by certain mass-distribution organizations in procuring lower-priced products in the industries under consideration are well-known examples of the competitive business created in this way.

The same thing is observable within the single manufacturing organization described in example 30. The new channels of distribution that have grown up and captured a large share of the domestic business have forced this company to manufacture for those price markets. On its chain-store line, 5- and 10-cent line, or private brands, prices are decidedly lower than export prices. It is true that only the branded line is sold in export, but the brand is of no great significance as it is not advertised abroad. There is no telling what the company's export policy would be if it had the same kind of price competition from 5- and 10-cent stores and chain stores abroad as it has here.

Another consideration that may lead to a higher export price, while not clearly exhibited in any of the group I cases, is illustrated in examples 26 and 27 of group III. We have in those examples companies that sell a large share of their export shipments at lower than domestic prices, but for some products get a higher price on export sales. The reason for the higher export prices is that the products are designed for a particular price class in the domestic market. The products in the examples are \$0.25, \$1, and \$1.50 "sellers" at retail throughout the United States. But while these price classes have meaning for the domestic market they have no particular meaning in foreign markets when converted into a price in local currency. The export price can, therefore, be adjusted to fit local market conditions and in these cases local market conditions make a higher price more profitable for the company. There are other cases, discussed later in the chapter, in which local market conditions or a foreign price class make a lower export price necessary.

WHAT VOLUME OF EXPORT TRADE IS SOLD AT HIGHER THAN DOMESTIC PRICES?

After reviewing the cases with higher export prices and the probable explanation of the price differences a question naturally arises as to the quantitative importance of these cases in our export trade.

With 10 cases out of the sample of 76 in this category there is an indication that a not insignificant proportion of our export business in manufactured goods is done at higher than domestic prices. What then, is the probable proportion of exports priced higher than similar goods in the domestic market? Is the proportion indicated in the sample an exaggeration?

It is, of course, impossible to answer these questions with any statistical validity on the basis of the present study. This is essentially a case study, which cannot provide quantitative results. However, the 10 cases of group I are not merely freaks of the business world, and it is very improbable that they exaggerate the quantitative importance of higher export prices. One should note also that many of the cases in group III are firms that sell some of their exports at higher prices, and many other companies have lower selling costs on their export sales. The summary table at the beginning of this chapter shows that 18 cases in the sample find export business more profitable than domestic and that 4 others in group III find exports as profitable as domestic sales. For these reasons it is probable that the ratio of 10 to 76 is not an overstatement of the area of higher export prices; quite possibly it is an understatement of the actual volume of export sales made at higher prices for the industries represented in the survey. The writer has the decided impression, after contact with many individuals in the export business, that higher export prices are not limited to a few isolated instances; they are of quantitative importance in the total volume of our export trade in manufactured goods.

EXPORT PRICES EQUAL TO DOMESTIC PRICES

There seems to be a widespread belief that the normative procedure of a producer in a competitive industry is to sell to all customers at the same price and that there is, therefore, no reason why export prices should be any different from domestic prices. The rationale for this belief derives from the observable facts of the organized impersonal markets in which standardized commodities are bought and sold. In such markets, of course, the seller cannot differentiate among customers because the transactions are arranged by a third party and there is no personal contact between buyer and seller. Thus, there cannot be any separation of domestic and foreign buyers because the seller cannot control the destination of shipment.

Leaving aside till later in the chapter the difficult question as to when an industry is competitive, it should be observed here that where goods are not bought and sold exclusively on an organized market, or what amounts to an organized market, there is no reason why, from the mechanics of distribution itself, shipments to all destinations must be made at the same net price. There is a personal contract between the seller and the buyer so that the seller can quote a special price for a particular buyer and can control the destination of the shipment. This is substantially true for most products manufactured by the firms reviewed in this survey. The management in all these cases could adopt export prices that differed from their domestic prices if they considered it desirable to do so. In a sense, therefore, all the companies in group II whose export and domestic prices are the same have adopted a conscious price policy just as

much as the companies that have different domestic and export prices. From the objective standpoint domestic and export prices can be unequal just as well as equal. Hence, there must be reasons for the price policy in either case. The one type of policy is no more normative than the other for all goods not traded in organized markets or their equivalent—well-informed groups of buyers or sellers with about the same bargaining strength.

It was with this point in view that the firms in group II were asked why they adhered to a policy of identical domestic and export prices. The following list represents the investigator's interpretation of the reasons given for equal domestic and export prices in these cases.

1. In a few cases involving standardized commodities the management believes that any other than domestic prices that could actually be obtained in export would be less profitable. Higher export prices are impossible because foreign buyers know the domestic market well and can always find firms willing to sell at the domestic market price. Lower export prices would be unprofitable because the trading profit margin is small, and unnecessary because a price concession in the domestic market for the purpose of disposing of merchandise is just as effective as in export markets.

2. Foreign buyers often come to the United States on buying trips and visit the salesrooms of the company, so higher export prices would cause a great deal of trouble. Again, the company does not have to sell at lower prices—it could do that in the United States. Several other firms also said they were not interested in exports if they could not get their price.

3. The management in a few cases stated that the domestic price was too well known to be altered for export customers.

4. Price concessions were experimented with in 1931 and 1932 when many foreign dealers were hard hit by exchange depreciations. The company states that it had so much trouble with those concessions that it does not intend to give any again.

5. One company states that its products must sell on their efficiency. Price is a relatively minor matter if they have the best equipment for the job. Failing this, no price concession that the company could afford to give would help make the sale. The company has never tried to get a higher price in export because it is satisfied to get the domestic price.

6. In a few cases it is obvious that the management has never drawn a distinction, even in its own mind, between domestic and export customers. A one-price system is followed as a matter of policy. Different prices to different types of customers have been contemplated but never on the basis of domestic or export shipment. That distinction has no meaning for the business of these firms.

7. Most of the firms maintain equal prices to all customers as a matter of policy because that policy conforms to their conception of ethical business practice. They seem to feel that it would be unfair to their domestic customers to sell abroad at lower prices and unfair to their foreign customers to ask them a higher price. They think that sound business must be built upon fair dealing and that is interpreted to mean an identical price for all customers.

8. A reason for equal domestic and export prices given by some of the group III cases should be mentioned here. The firms are willing and often do adjust prices to fit conditions in the given export market,

but if they have no special knowledge of local market conditions they simply quote domestic prices and take whatever business comes. It seems to the investigator that this is also the real reason why domestic and export prices are equal in some of the group II cases. Firms selling the large bulk of their output in the domestic market establish their price schedules to fit domestic market conditions. Export sales are a byproduct to domestic operations. The firms are not making an intensive effort to get export business, and they frequently do not have an intimate knowledge of market conditions in foreign countries. In many cases, being in the export business only means that the firms have established some sales contacts abroad. They do not know enough about conditions abroad to price specifically for local market. Such is often the policy of companies that export a small proportion of their output.

The 8 reasons given above for identical domestic and export prices also apply to that part of export sales of the group III cases for which prices are the same as domestic prices. It should be evident that the volume of exports at prices equal to domestic prices is much greater than could be inferred from the fact that only 21 cases out of 76 were in group II. In many of the group I and group III cases a large part of export sales are at domestic prices. It is probable that the volume of exports for which prices are equal to domestic prices is larger than the volume sold at lower prices.

EXPORT PRICES LOWER THAN DOMESTIC PRICES

The following discussion is devoted to explaining why prices for export in many cases are lower than domestic prices. There are various aspects of this problem.

1. Why the management of a firm is willing to make price concessions on export sales.

2. The factors in foreign market conditions that necessitate price concessions.

3. Why higher domestic than export prices are possible.

a. The monopoly aspects of the problem.

b. The influence of tariff protection.

c. The difference between the selling problem in the domestic market and that in foreign markets.

d. The influence of disequilibrium conditions.

4. Other factors influencing export-price policy.

While these factors will be discussed separately, a complete explanation involves all of them.

1. Why Is a Firm Willing To Grant Price Concessions on Export Shipments?

In any analysis of the price mechanism it must be assumed that in business operations undertaken for a profit the aim of management is always to make profits as large as possible with the economic resources at its command. The problem in every business is to find the volume-price relationship which will yield the greatest net return above the costs of producing that volume of output. Where the producer has no option but to sell at the market price and any possible output that he might produce is too small to have a significant in-

fluence on the market price then the relation between costs and the volume of his production offers the only control he has over the profitability of his operations. But where the producer can get some sales at a series of prices or where he knows that the volume of his production has a significant influence on the price then he has also the price variable to consider in finding his most profitable scale of operations.

The point is that for any given volume of output a producer wants to get as high a price as possible since that will maximize his profit—with the proviso, of course, that he will not exploit a temporary situation to the full if such conduct is likely to result in less profitable operations in the future. A firm is willing to grant a price concession in a particular market, therefore, only because it has no alternative market in which it could obtain a higher price for that part of its output in addition to its existing receipts from each market and because its total operations would be less profitable if it were to forego that business at lower prices. Once again it is the profitability of the business in the long run that is the dominant consideration.

Among the 46 cases of group III in this study the following reasons were given as to why the lower export prices currently in effect increase the profitability of operations. It is not feasible in outlining these reasons to indicate the number of cases which mentioned each one because the answers to any inquiry of this type vary considerably with the articulateness of the executive interviewed rather than with the actual considerations behind the price policy. As the investigator was making every effort to allow the executive to make his own case and not to interject suggestions which might merely provide a rationalization for the price policy, only meager responses were obtained in several cases on this problem. However, each of the following reasons were given in at least 2 of the 46 cases. The exports referred to below are only those which are sold at lower prices:

(a) Many of the cases stated that any attempt to sell the lower-priced exports in the domestic market would be possible only at less profitable prices for the entire output. Even though the domestic market might absorb the exports at the lower export price or perhaps at a smaller price reduction than is now given in export, the consequence of reducing the price on the existing large volume of domestic sales would lower gross receipt from sales on total output and hence make the business less profitable. In other words, it would not pay to break the domestic price.

(b) Quite a few of the cases believe that the domestic market is absorbing as much of the products as is practically possible and that no feasible reductions in the domestic price would appreciably increase the volume sold. It is their belief that the domestic demand is highly inelastic and consequently there is no further outlet in the domestic market.

(c) In many cases it was stated that while some export sales would be possible at the domestic price, the lower export price results in so large an increase in sales that total profit on exports is enhanced.

(d) Others consider foreign market conditions such that no sales (in that particular market or in all markets as the case might be) are possible at domestic prices. By giving a price concession they get some sales and while the margin of profit is less than on domestic sales the exports are still profitable.

(e) In some cases the export price does not cover full costs but it does cover factory costs and part of the overhead and thus reduces the burden on domestic sales.

(f) In other cases it was stated that the increased volume obtained by the export-price reduction lowers the average manufacturing costs. The exports are, therefore, profitable even if prices only cover out-of-pocket costs involved in the transaction as the profitability of domestic sales is thereby enhanced. It should be noted that this is not a universal proposition as some firms find that filling export orders often increases manufacturing costs. These are cases with diversified lines of products all of which are not manufactured simultaneously. When export orders do not fit in with the domestic production schedule the cost of both export and domestic manufacture is increased.

(g) Some stated that the volume that could be absorbed by the domestic market would not provide reasonably full employment for their labor and that without exports labor turnover would be much larger. As the cost of training new hands is very high (over \$150 in one case) it pays to continue exporting even though exports show a book loss.

(h) Several of the firms stated that they sell a few items in their lines at a lower profit, or at a loss, because it enables them to sell other items on which they get the full domestic price or more. These are cases in which the foreign distributor requires a full line in order to stay in business or to increase his sales to a more profitable level for the American producer.

(i) It was quite frequently claimed that the price reductions were made for the purpose of tiding over a temporary situation due to depressed business conditions in a particular country or to a depreciation of the exchange. The company did not want to withdraw from the market as it had an investment tied up in it in development costs. It was felt that a return on that investment would again be possible and profitable business in that market would come back if only the dealers could be maintained in business and the product kept before the public in the interim. It should be apparent that these factors are not independent but are interrelated in determining a firm's price policy.

2. Factors in Foreign Market Conditions Which Necessitate Lower Export Prices.

The discussion above may be summarized merely by saying that a firm exporting at lower than domestic prices does so because its total operations are more profitable with those export sales than without them. Once this point is recognized it is pertinent to ask why it is that export prices equal to domestic prices cannot be obtained in some or all export markets. What conditions are there in the foreign-market situation different from the domestic which make lower export prices necessary? These are the conditions, one might say, which the management is attempting to overcome by a price concession. The following factors were all mentioned by the 46 cases of the sample which are currently exporting at lower than domestic prices.

(a) The existence of foreign competition of similar goods priced lower than American products is the factor most often cited as

necessitating a lower export price. In some cases it is locally made products and in others it is imported products from other countries competing with United States merchandise in third markets. It was frequently stated that while the American product is of superior quality and can command a higher price than foreign-made goods the differential cannot be as great as would be required if the products were exported at domestic prices.

(b) A few firms have lower export prices for particular foreign markets in order to meet the price competition of other United States producers who are attempting to enlarge their share of the market. United States competition was cited much less often than foreign competition as the reason for lower export prices.

(c) Quite similar to the existence of lower-priced competing products are the cases in which the producer lowers his price to particular markets in order that his product may be sold in the conventional price class in the currency of those markets. This is an important marketing consideration for many types of novelty consumers' goods. A product is made to sell for 10 cents, 50 cents, or a dollar in the domestic market regardless of the fact that there are somewhat similar products selling at other prices. The vagaries of the consumer are such that many quite similar products are sold in the same store at a variety of prices. The American producer might know that his (say) 25-cent seller would go over better in foreign markets if the price in local currency was (say) 5 pesos (Chilean), 1 krona (Swedish), and 5 milreis. He, therefore, lowers the export price to those countries to enable the foreign dealer to sell at those prices.

(d) Lower export prices are often established because the high landed costs to the importer would otherwise raise the price in the foreign country above a salable level. High tariffs is the cost item most frequently cited, but ocean freight costs is also an important factor. These factors can be operative even if there is no local competition with lower prices which must be met.

(e) Export prices are often lowered to put the product within the reach of a people with low purchasing power. The relatively high average income level in the United States allows the firm to sell at the domestic price, but that price would put the product beyond the means of most of the consumers in countries with a much lower average income.

(f) Price concessions are given in order that the foreign distributor or dealer might have a gross-profit margin large enough to keep him in business. This is often necessary in markets where the volume of sales is low in comparison with the sales volume of a dealer or distributor in the American market. The retail price cannot be any higher abroad than it is here, so the American producer must absorb some of the foreign agent's high unit costs of operating in his market, his high unit costs being due to small volume.

(g) Another form of essentially the same situation is found in cases where a company gives an allowance to its foreign representative to cover his costs in supplying services required in the marketing of the product. The small volume of sales in the foreign market raises the service costs per unit much above the company's own costs in the domestic market so that the allowance given is equivalent to a price reduction.

(h) A factor very frequently cited as requiring lower export prices is the depreciation of foreign currencies. Such depreciation would automatically raise the local currency price if the same dollar export price were maintained. Since the market cannot stand the higher price, because the prices of locally made goods do not rise, or the product has become established in the market at a certain local currency price, or the rise would take the product out of its price class, etc., the dollar export price must be lowered.

(i) The general business situation is not the same in all countries at the same time. While business is depressed and prices low in some markets, trade is active and prices strong in other markets. A producer selling in many markets must adjust prices to meet local business conditions. This is particularly the case where the bulk of producers in each market do only a local business while a few firms are active on an international scale.

3. *Why Domestic Prices Are Higher.*

It is evident that the factors in foreign market conditions cited above as the reasons for United States firms selling in export at lower than domestic prices could all be reversed to explain why they sell at higher prices in the domestic market. That much is implicit in the factors themselves; they do have importance in foreign markets and they do not have importance in the domestic market. The domestic price is higher because these factors are not present to induce the producer to make them lower. The question at issue then becomes: What enables these producers to maintain price differentials, to get higher domestic than export prices?

A. Monopoly aspects of the problem.—This leads to the fundamental problem of our study. Does the existence of lower export than domestic prices imply that competition in the domestic market is in some way restricted, that the producer to some extent is in a monopolistic position? Can competition and price differences exist side by side, or are the two conditions incompatible?

In order to answer this question it is necessary to reach an understanding of the meaning to be attached to the term competition. The business practices implicit in competition must be distinguished from those associated with monopoly in order to decide whether a business or an industry is competitive or monopolistic.

The popular conception of competition, held by most business men and by the general public, may be defined as the independent rivalry of a number of producers of a rather similar product for the business patronage of the consumers of that product. The essential elements of this conception are that there are several producers engaged in the production of the commodity and that they act independently in setting their price, production, and selling policies. Each uses his own judgment as to how much to produce, what price to charge, and how to reach the consumer. Each tries to get as large a share of the market as he profitably can.

As opposed to a condition of competition, there is generally conceived to be a condition of monopoly in which the essential elements of competition are not operative. Either the total production of the commodity is in the hands of one business organization, or else there is an agreement—tacit or explicit—among the several producers of the commodity to maintain prices, limit production, or

allocate market areas. Competition and monopoly are looked upon as alternative forms of business activity and mutually exclusive categories of business behavior; an industry is either competitive or monopolistic. To a large extent, antitrust legislation is based upon this conception. It seeks to prohibit actions by business which limit independent rivalry for trade except insofar as those limitations arise from patents, copyright, or regulated monopolies.

A little reflection will convince one that this dichotomy does not accurately describe the price-making process. It is evident that many kinds of marketing procedures and situations are possible under such an all-embracing competition; the competition may be more or less severe and may take many different forms. The monopoly, too, may be more or less restrictive.

For this reason the economist attempts to be more analytical in defining competition. As his interest is in describing the price-making process as accurately as possible, he seeks all the gradations in competition and the differences in degree from one type to another. He tries to get at the essence of competition by describing the competitive process in its purest form.

A condition of unrestricted competition may be called pure competition. An examination of the few productive areas in our economic system in which competitive forces are almost entirely unimpeded reveals that two conditions are necessary for pure competition. The first is that there be a large number of buyers and sellers in the market. The second is that the product be highly standardized.

What constitutes a large number of buyers and sellers? In this context a large number of buyers and sellers is one large enough to deny to the sales or purchases of anyone a significant influence on price. The amount demanded or amount offered by each buyer or seller must be so small with relation to the total market that whatever decision he makes as to buying or selling will not affect the market price. Thus, for each, the market price is an objective fact.

When is a product highly standardized? That condition is fulfilled when the output of any producer is so similar to that of other producers that the buyers are indifferent as to which they get. They will not pay a higher price for any particular seller's product.

Under these conditions no one producer or buyer can influence the market price. Although the decisions of the sellers and buyers collectively determine the price, that price is beyond the control of any one of them. The producer has many decisions to make under these conditions, but in all of them he takes the market price as an objective fact over which he has no control. Regardless of how much he decides to produce (within extremely wide limits) he knows that he cannot materially alter the market price.

There are, in our economic system, only a few commodities produced and sold under conditions that resemble perfect competition. Such competition is restricted practically to a few grains and fibers which are sold on organized commodity exchanges.

In the production and sale of most commodities these conditions are not fulfilled and competition is not pure, particularly over short periods of time. Either the number of producers supplying a given market is relatively small or the product is not highly standardized or both. In either case the individual producer has the power by his decisions to influence the price of the product. If the number of pro-

ducers is relatively small but the product homogeneous then the producer can influence the price by the quantity he produces. If the product is not standardized the producer may influence the price of his product by catering only to those consumers who have a preference for his product. It should be observed that in the case of non-standardized products it makes little difference whether each producer is considered to have a monopoly over his output or whether the competition in the industry is considered to be imperfect or monopolistic competition.

Thus, from an objective standpoint, it is the ability of a single producer to influence the price of the product that is the essence of monopoly. Whenever a producer must include in his calculations the effect of his decisions upon price he is not operating under conditions of pure competition. He is to a greater or lesser extent in a monopolistic position. There is no essential difference between his having to calculate the quantity he will sell at the various prices he can quote or the market price which will result from the various quantities he can produce. In either case he recognizes that the quantity of his output and the price he can get are interrelated—he is able to recognize the slope of the demand curve for the products of his firm.

It will be evident that the departure from conditions of pure competition is a gradual one; that is, that the monopoly element is present to a greater or lesser extent in actual economic life as the conditions of perfect competition are more or less relaxed. Other things being equal, the fewer the number of independent producers and the more distinctive the product of each, the greater is their possible effect upon price and the greater their monopoly position. Likewise, the larger the number of producers and the more homogenous the product, the more nearly is the condition of pure competition approached. In other words, competition or monopoly is a matter of degree. Starting from pure competition market situations may be less and less competitive as the powers of the individual producer over price increase.

On the other hand it must be recognized that there is no such condition as perfect monopoly at the other end of the scale opposite pure competition. The monopoly power is the power to affect price and there is no producer who has that power to an absolute degree. That power is always circumscribed by competing products, by other means of satisfying the same wants, or by the consumer's alternative desires. There is no single economic good that we cannot do without if the price is set too high. Therefore, even if one producer controls the output of a commodity his monopoly power cannot be infinitely great. Monopoly, or competition for that matter, is purely a question of degree. The greater the power to affect price the greater the monopoly power and the less the competition.

Now under conditions of or even closely approximating pure competition it would obviously be unprofitable for a producer to export at prices below the domestic market price. For he is in a position to sell as much as he can without perceptibly lowering the domestic price. If a part of the domestic output were being exported at the domestic price and the foreign price declined then the producers would immediately shift their sales to the domestic market until the two prices were again equal. It would not pay any one of them to continue exporting at less than the domestic price. It can be said, there-

fore, that under conditions of pure competition price discrimination among markets by a single producer is impossible.

But once the degree of competition is somewhat restricted, once an element of monopoly is introduced, then exporting at less than the domestic price may be profitable and, therefore, is apt to arise. It is precisely this and only this that should be implied by saying that monopoly is a necessary condition for dumping (selling for export at lower prices). Dumping and pure competition are incompatible conditions and cannot exist side by side. The existence of dumping is thus *prima facie* evidence that competition is somewhat restricted, that some element of monopoly from an economic standpoint is present.

This does not mean that competition in the popular or legal sense of the term is not present. There may be independent rivalry for trade among the producers of a given commodity and yet the condition in the industry be far from pure competition. That is, lower export prices do not imply necessarily that either a single producer controls the output of a commodity or that the several producers in the industry have an agreement as to price and production policies. The mere fact that competition is not perfect is no indication that there is not independent action by all producers in the industry.

This distinction between pure competition in the economic sense and competition in the "independent rivalry for trade" sense is not always clearly distinguished in discussions of the dumping problems. The following statement shows the confusion that can arise on this point.

"A necessary condition (for dumping) is monopoly upon the home market. If price competition in the strict theoretical sense is present—that is to say if no one producer can perceptibly influence the price of his product so that each producer is confronted with a practically horizontal demand curve—the home price must be forced down. The monopoly may take several forms. One concern may have a monopoly, either because it is so large relative to the market that no other concern can profitably enter or because it alone has some secret process of production or possesses a patent or some similar legal knowledge. Several producers may have a tacit agreement or may be explicitly united in a cartel for the purpose of limiting the amount produced."¹

In the first part of this statement it is implied that monopoly is a situation in which a producer can perceptibly influence the price of his product. Price competition in the strict theoretical sense is perfect competition, and anything except perfect competition is monopoly. When "a single producer is confronted with a practically horizontal demand curve," it means that he can dispose of all his output without affecting the price of the product.

But the second part of the statement implies that monopoly is a situation in which either one producer controls the entire output of the product or the several producers of the product have an agreement to limit production. The implication is that if there is more than one producer and the several producers do not have an agreement to limit production, there is competition in the industry.

The point is that these two definitions of competition and monopoly are not the same; a part of what would be classed as monopolistic

¹ Gottfried Von Haberler, *The Theory of International Trade*, New York, 1936, pp. 301-302.

conditions under the one would be competition under the other. For whenever there is not pure competition there is not necessarily an absence of independent rivalry for trade. There can be restrictions to competition without total output being controlled by a single producer or without any agreement on the part of the several producers. While industry situations of this type have been described adequately in earlier economic literature, they have been given more prominence in current writing.² These situations which are not pure competition and not monopoly (in the popular sense of the word) have been called imperfect competition or monopolistic competition. The terms are used to describe situations in which a producer has some power (however limited) to affect the price of his product without having entered into a tacit or explicit agreement to fix prices or limit production with other producers of the product.

To convince himself that this is quite possible the reader need only consider the position of the producer when the conditions of pure competition are relaxed; when monopolistic competition prevails. Those conditions were (1) that there be a large number of producers and (2) that the product be highly standardized.

Consider the second condition first. When a product is not standardized a single producer may have some control over the price of his product if some consumers have a preference for it. The introduction of brand names, trade-marks, style differences, packaging, quality differences, the reputation of the firm, the type of appeal used in advertising and so on may all differentiate one producer's goods from that of another and result in different prices for rather similar products within the same marketing area. That means that some of the producers have some power to influence the price of their product. For one reason or another some consumers have a preference for the product of a particular firm and that gives the firm the power to get a higher price in that market.

This phenomenon is too familiar to require much comment. It is well known that in many consumer goods fields the products of the various firms are differentiated in the minds of the buyers. A large variety of brands, more or less well known, are available at quite different prices. A producer is often in the position of having to decide upon a price and marketing policy rather than, as in pure competition, merely selling at the market price.

A distinction is drawn in law between a patent and a brand or trade-mark. A patent is conceived as conferring a monopoly right whereas a brand name is held by its very nature to imply competition as it merely differentiates one's product from that of his competitors. This distinction may be important for certain purposes but from an economic standpoint it is not important. A brand name may make a product just as distinctive in the mind of the consumer and thus as little subject to price competition as a patented product for which there are many substitutes. And, as has been pointed out, it is just as logical to say that each producer of a branded product has a monopoly of his brand as to say that there is monopolistic competition among brands. Of course, this does not mean that the mere branding of a product will differentiate it in the mind of the consumer. But it may, and very often does.

² Particularly E. Chamberlain, *The Theory of Monopolistic Competition*, and J. Robinson, *The Economics of Imperfect Competition*.

Under a condition of monopolistic competition of this type there is no reason why the domestic and export prices of any particular producer must be equal. Even though the producer has competitors making somewhat similar products and even though he is not in collusion with them to maintain domestic prices his export price may be lower than his domestic price. He may have a reputation in the domestic market that enables him to get a higher price than his competitors and not have a superior reputation in foreign markets. He may be directing his appeal to a higher income group in the domestic market while in certain foreign countries there is no such income group large enough to constitute a market. The American consumer may be willing to pay a premium for the higher quality he offers but the foreign consumer may value that quality less highly. His styling may be particularly designed for American tastes and that may enable him to get a higher price at home than abroad. In all these circumstances it is economically correct to say that the producer has a monopolistic position in the domestic market which he does not have (at least to the same extent) in the foreign market.

A somewhat similar situation results when the other condition of pure competition is relaxed; that is, when there is a small number of producers in relation to the size of the market. The number of producers is small when each of them or some of them are able to influence the price by a change in the scale of their operations. Quite often product differentiation and fewness of producers are present together and supplement each other in injecting a monopolistic element in the market situation. But there are many cases where the products of the various firms are very similar and the fewness of producers alone creates an imperfectly competitive situation.

Under monopolistic competition of this type the producer must calculate the effect upon price of any change in the scale of his operations and hence the effect upon his total profit. He cannot merely produce to the full extent of his resources and expect that the price will remain unchanged. The products of all the firms will sell in the market at the same price but each or some of the firms are able to affect the price by deciding to produce more or less.

When, under such circumstances, several producers in the industry have unused capacity, they may recognize that an attempt on their part to increase production will lower prices and that the price reduction necessary to take the larger volume off the market may make their entire operations unprofitable. Each one knows that if he lowers his price in an effort to get more business his competitors must lower their prices. They produce whatever quantity they can sell at the existing price but they may or may not produce additional quantities which will lower the price. That will depend upon how much the price must be lowered to absorb the increased quantity and whether or not and how much unit costs will decline as production is increased. But because each knows that increased production will lower the price the individual producer may restrict his output and leave some of his capacity idle without entering into any agreement with his competitors to affect the market price.

In general it can be stated that the more producers there are competing for a particular market, the more competitive will the market price be. As the number of producers increases it becomes more difficult for any one of them to influence the market price and to

take into account the effect that his actions will have upon his competitors until a point is reached where the individual producer disregards his own influence upon price. The fewer the number of producers the less likely is it that any one of them will pursue any course that will seriously disturb the market price. Thus there are degrees of monopolistic competition. Some cases are very close to pure competition in that any single producer has little ability to affect the price. In other cases, however, the number of firms is so small and each one is so reluctant to initiate price changes that the situation is very similar to that in which a single producer controls the entire output.

It is easy to see that when competition is imperfect because of the small number of producers it can be profitable to export at less than the domestic price. A firm which is selling all it can at the market price may have unused capacity that it can utilize in supplying foreign markets at a lower price. After producing all it needs for the domestic market it may be able to produce additional output at the same or even lower costs. To sell this output in the domestic market would force down the price not only for the additional output but for the volume of sales it is already making in the domestic market. By selling this additional output for a lower price in the foreign market it does not disturb the existing price in the domestic market. Under monopolistic competition it may, therefore, be profitable to export at lower prices because an attempt to force that output on to the domestic market would lower the domestic price. Under pure competition, however, there would be no incentive for the individual producer to export at lower prices because that output could be sold in the domestic market without materially lowering the price.

Hence, it may be said in summary that lower export than domestic prices cannot be accepted as *prima facie* evidence of monopoly in the usual sense of the term. That is, if one defines monopoly as a condition where one producer controls total production of a commodity or the several producers are acting together to control production and prices then monopoly is not a necessary condition for dumping. It can take place under competition. But two kinds of competition must be distinguished; pure and monopolistic competition. Dumping can take place under conditions of imperfect competition as well as under monopoly. Therefore, the most that can be proven by the existence of lower export than domestic prices is that competition is monopolistic in character. This does not mean that an actual monopolistic situation may not exist, but merely that lower export prices alone cannot prove that it does.

This theoretical conclusion is completely supported by the facts brought out in the field survey. There were 46 cases in which at least some export prices were lower than domestic prices. A wide diversity of products and industries are represented by this group: Most of them are usually held to be competitive industries and have never been charged with monopolistic practices in the legal sense. Whatever price policies these firms have, they have adopted them independently. They represent instances of monopolistic competition rather than monopoly. Any one who scans the list of products included in these 46 cases will be convinced of this conclusion. There are undoubtedly some cases of monopoly in the list but the majority

are surely what are generally conceived of as competitive industries.

It would be interesting to know how many of the 46 cases in group III are instances of monopoly as distinguished from monopolistic competition. Of course, this is a difficult question to answer because proof of monopolistic practices is not readily available. But this much can be said. In 7 of the cases the holding of important patents certainly puts those firms in the category of monopolies. In several other cases certain peculiarities of price behavior, or the opinion of specialists in the industry concerned, or the confidential admission by the firm itself suggests that the firms in the industry are not acting with complete independence. We doubt that the most critical person would put that number higher than 8 although our conviction is not very strong in more than 6 cases. The rest are cases of monopolistic competition. On the other hand there appear to be 5 cases among the 30 in groups I and II where monopolistic practices seem likely.

B. The influence of tariffs.—The existence of tariff protection is often considered to be a necessary condition for a continued policy of lower export than domestic prices. This is not strictly true. All that is necessary is that the exported goods be prevented from reentering the country of origin and underselling the domestically offered goods on the home market. A tariff can be the means of blocking such reentry but it is not the only means. In most cases the exporter has enough control over the foreign buyer to prevent him from re-shipping to the exporter's home market. The foreign buyer is usually dependent upon the exporter for the continued supply of the commodity which enables him to stay in business and he would not jeopardize a profitable business relationship for a temporary gain. Besides this the transportation costs both ways would often be high enough in relation to the price concession given to prevent re-shipment.

The tariff does, however, play a significant role in many instances of lower export prices in that it limits the competition which foreign firms may inject into the domestic market. In many cases it was stated that lower export than domestic prices are necessary in order to meet low-priced foreign competition. A tariff which intentionally excludes such competition from the domestic market thereby creates the economic conditions under which prices may be higher in the domestic market than abroad. Competition is less intensive with tariff protection (provided that protection is effective) than it would be in the same industry without tariff protection.

Of all the major products represented among the 46 cases of group III only one is on the free list. All the others have a greater or lesser degree of tariff protection against foreign competition. In export markets the firms must meet this competition on an equal footing and in many cases they must meet it by price concessions.

It cannot be said that the tariff is the decisive factor in all cases of lower export prices. Products which do not have protection may be exported at lower prices and products which have protection may be exported at identical or higher prices. Even among the cases of group I and II there is only one major product on the free list. It is generally true, however, that the products in these cases do not have as much foreign competition in foreign markets as those in group III. Many industries have tariffs which are largely meaningless because

there would be no significant foreign competition even if there were no tariff. In these cases there is no significant foreign competition facing United States products in foreign markets.

Among the 46 cases of group III, therefore, there are some in which the tariff is of no importance as a factor in lower-priced exports and many more in which it is of little importance. While it is difficult to assess the precise role of the tariff in every case or to determine what the price situation would be without it, it is probable that the tariff is a factor of significant importance in 22 cases out of the 46 which are exporting at lower prices. In those 22 cases a removal of the tariff might considerably influence the domestic price and thus bring export and domestic prices more clearly into line. In the other 24 cases it would appear that the condition of monopolistic competition in the domestic market would not be seriously disturbed by the removal of the tariff. Therefore, there would be exporting at lower prices even without the tariff.

The relation of the tariff to our problem may be summarized as follows: International price discrimination is due to the existence of a condition of monopolistic competition or a condition of monopoly. Either of these conditions can arise independently of tariff protection. In many cases, however, approximately half in our sample, the protective tariff is of prime importance in the maintenance of a high degree of monopolistic competition or a monopoly position.

C. The selling problem in the domestic and foreign markets.—In the cases of imperfect competition arising from product differentiation the selling problem is an important factor which often leads to higher domestic than export prices. The individuality of one firm's products which is developed in the domestic market can not be developed in many cases in foreign markets. The marketing procedures and competitive weapons which are available to a firm in the domestic market are often not available to it in foreign markets.

The average American firm entered business and is in business today primarily to produce for and sell in the domestic market. If it develops an export business it is usually only as a supplement to its domestic business. By and large, it develops its reputation in and designs its products for the domestic market.

A typical firm, let us say, sells 90 percent of its output in the domestic market and 10 percent in a hundred or more foreign markets. The domestic market is a highly concentrated market with a rather homogeneous population. It has somewhat similar tastes and it has a relatively high per-capita income. The foreign markets are spread to all parts of the world; the populations are extremely diversified in language and modes of living; standards of living are markedly different and income is generally much lower than in the United States.

These differences give ample evidence that the selling problem of the export manager is much different than the problem of the domestic-sales manager. Having a large volume of sales concentrated in one market in which it is usually necessary to maintain a one-price policy makes it imperative that domestic prices over the years cover full costs. But it also allows much greater latitude in the methods by which sales are obtained and profitable prices maintained.

In selling in the domestic market the entire equipment of salesmen and advertising can be effectively used as competitive weapons in addition to price policy. The export manager who cannot expect more than a small volume from any one of his many foreign markets cannot indulge in these sales methods. He is thrown back upon price as his essential competitive weapon. Usually if he cannot meet competition on a price basis he does not have the alternative of advertising or organizing a traveling sales force. He cannot develop consumer preference for his product, he cannot create a reputation for his firm or brand, and he is therefore forced to sell on a price basis.

In many cases, the domestic- and export-sales managers have an entirely different point of view toward competition. Domestic prices may be set by the ranking executives of the company, of course, not without consideration of market conditions. The sales manager views his job as one of going out and getting the business by effective advertising, effective coverage of the market, and by an efficient sales force. Of course, he thinks the price must be right but he often does not look upon price as the primary means of getting more sales.

The export manager, however, is much more price conscious because he often has no other way of enlarging his sales volume. This was particularly true in the type 10 cases. After finding agents or outlets to handle the product he depends upon quality and price to get the business. He is not in a position to expect business through an effective selling job.

D. In all discussions of the dumping problem the importance of monopoly as a necessary condition is stressed only for systematic dumping over long periods of time. It is recognized that sporadic dumping can occur under highly competitive conditions for a variety of reasons such as to get a foothold in new markets, to dispose of outdated styles or models, to avoid temporary flooding the domestic market, etc.

"A long period of time" in economic literature is a period in which there is a chance for long-run equilibrium price to be established—in the absence of changes which might alter that equilibrium. That means a period of time in which the quantity of productive resources available for the production of a particular commodity can become adjusted to the volume of demand.

Now the evidence of lower export prices gathered in the field survey of necessity refers to the current practices of business organizations. The evidence does refer to the practices in use for the past few years, usually for most of the past decade, and not to instances of a sporadic character. But it does not coincide with conditions of long-run equilibrium in the economic meaning of the term. Many industries have been operating under conditions far removed from equilibrium during recent years.

The existence of rather serious disequilibrium is of primary importance in explaining lower export prices in several cases in the sample, and particularly so in several cases of quite standardized products. In these industries which are characterized by a high degree of price competition in the domestic market there are firms with a large excess of capacity. The excess is due to the fact that demand has declined

over the past 10 or 15 years. The existing equipment would not be required even with any feasible reduction in the domestic price.

Of course, this represents a condition of imperfect competition but if the industry was in approximately an equilibrium position it is unlikely that any firm would export at lower than domestic prices. If existing equipment was being utilized to supply the domestic market it would not pay any firm to purchase additional equipment to produce for foreign markets at lower prices. In other words, current export prices are not high enough to maintain a continuous supply of the product when the existing equipment needs replacement. It pays to use the equipment rather than let it deteriorate by idleness but it would not pay to install equipment to produce at current export prices.

In a few cases of declining industries the current disequilibrium between productive capacity and demand is the most important factor in export price policy. It is also a factor of minor importance in many other cases. Many firms started their export business with prices equal to domestic prices. They developed a certain volume of export business during the 1920's and did not attempt to increase that volume by adjusting price to local market condition. After 1929 they found export sales dwindling, more in some markets than in others. Currency depreciation added more complications to the exporter's problem. It was often found necessary to reduce export prices to get some of the volume of exports to which the business had been adjusted. While the firm would never have entered export markets at lower than domestic prices, it found it better to stay in those markets even at lower prices after having developed facilities for exporting.

4. Other Factors Influencing Export Price Policy.

The conclusion was stated earlier in this chapter that none of the cases of group III were operating under conditions of pure competition. Monopolistic competition characterizes the majority of the cases and monopoly in the usual sense of the term probably prevails in about one-seventh of the cases. It will be readily recognized that this does not differentiate the group III cases from those in groups I and II as it can hardly be said that many cases in the sample are operating under conditions which even approximate pure competition. Probably the nearest thing to pure competition is represented by the four "commodity" cases of type 4: Packing-house products; flour-mill products; canned fruits and vegetables, and (certain) dairy products. On the basis of the domestic competitive factor alone, therefore, there is no reason why most of the cases in groups I and II could not price some of their exports lower to the advantage of the company. Hence, it is desirable to point out some of the other differences between the groups. Because of the limitations of the sample and because it was not feasible to obtain a statistical measure of the extent of lower prices exporting case by case the importance of these factors does not always show up in a contrast of the groups. But their importance will nevertheless be evident.

The first thing to consider is the difference between the types of products exported at higher or equal to domestic prices and those exported at lower prices. The major products in each of the 76 cases are shown in the following table:

Leading products of firms included in sample

Group I:

Type 1:

1. Chemical product.
2. Chemical product.

Type 2:

3. Wood pulp product.
4. Silk textile product.
5. Chemical product.

Type 3:

6. Radios.
7. Radios.
8. Electric refrigerators.
9. Electric refrigerators.

Group II:

Type 4:

10. Packing house products.
11. Flour mill products.
12. Canned fruits and vegetables.
13. Canned milk.

Type 5:

14. Piece goods.

Type 6:

15. Adding and calculating machines.
16. Adding machines.
17. Adding, calculating, and bookkeeping machines.
18. Laboratory apparatus.
19. Scientific equipment.
20. Machine tools.
21. Pipe fittings.
22. Phonograph records.
23. Writing paper.
24. Paper grocery specialties.
25. Felt and other hats.
26. Men's furnishings.
27. Women's hosiery and accessories.
28. Hosiery, all kinds.
29. Automobiles.
30. Automobiles and trucks.

Group III:

Type 7:

31. Machine tools.
32. Diversified machinery line.
33. Paper and stationery specialties.
34. Control and measuring instruments.
35. Industrial chemicals.
36. Plumbing specialties.
37. Cigarettes.
38. Abrasives.

Type 8:

39. Professional supplies.
40. Fountain pens.
41. Safety appliances.
42. Sanitary napkins and cleansing tissues.
43. Typewriters.
44. Typewriters.
45. Abrasive and refractory products.

Type 9:

46. Carbon paper and ink ribbons.
47. Compressors and pumps.
48. Professional equipment and supplies.
49. Packaged foods.
50. Stationery supplies.
51. Paints, varnishes, etc.

Leading products of firms included in sample—Continued

Group III—Continued.

Type 10:

- 52. Stationery and school supplies.
- 53. Pharmaceutical specialties.
- 54. Extensive drug line.
- 55. Extensive drug line.
- 56. Automotive and household chemicals.
- 57. Industrial lubricants and specialties.
- 58. Photographic equipment.
- 59. Industrial machinery.
- 60. Tools.
- 61. Linoleum and related products.
- 62. Structural insulating and wall board.
- 63. Lime, plaster, and related products.
- 64. Reinforced building paper.
- 65. Electrical machinery and equipment.
- 66. Carbon products.

Type 11:

- 67. Household and industrial machines.

Type 12:

- 68. Cotton yarns.
- 69. Household textiles.
- 70. Plumbing fixtures and related products.
- 71. Chemical product.
- 72. Glass products.
- 73. Glass products.

Type 13:

- 74. Staple textile products.
- 75. Paper products.
- 76. Merchandise.

Among those exported at higher or equal prices one can distinguish three classes of products: (1) Peculiarly American products for which there is as yet no serious foreign competition, (2) a few commodities which are widely traded internationally, and (3) branded consumers' goods.

The mass production items of which American producers are world leaders include such products as automobiles, electric refrigerators, adding machines, radios, and full-fashioned silk hosiery. While these goods are produced in many countries foreign producers can not compete effectively with American products on a price basis where both products are on an equal footing. Of course, it is no doubt possible for American firms in these industries to vary export prices to fit local market conditions but since they obtain a good export business without that complication they have no strong inducement to alter their present price policy. The point is well illustrated by the difference between adding machines and typewriters. It was found in three cases that producers of adding machines export at domestic prices and all three said they were able to do so because there was no effective foreign competition. The products of the three companies are all different in design and price and compete with each other in the domestic market. They also compete in foreign markets but not with foreign competition which they do not have in the domestic market. The two typewriter companies interviewed, on the other hand, have been forced to make price concessions in export markets because of the competition of foreign products. Typewriters are one of the few industrial products on the free list. Foreign machines are imported and sold in the American

market. But while that competition has not been effective in the domestic market it has been attractive to the foreign consumer. The typewriter was developed and perfected in this country and for years the American product had virtually no foreign competition. Productive capacity was and is geared to a large volume of exports. It is only natural that when foreign competition developed that our producers should try to hold their share of the market.

The staple commodities exported at domestic prices require no special comment. They are sold on world markets at the market price and all the companies interviewed claimed that pricing lower on a continuous basis would not be profitable. Several of them admitted to occasional export sales under the domestic price when stocks are excessive but all felt that the processor's margin was too small for extensive use of this practice.

The few cases of branded consumers' goods which are not particularly American products would seem to represent merely instances of arbitrary export-price policy. There is no reason why those export prices should be equal to domestic prices, except that the companies want to do business that way. They do not sell in the United States on a price basis and they do not care to sell in foreign markets on a price basis.

The products in group III which are exported, to some extent, at less than the domestic price generally compete with similar goods of foreign manufacture. They are often outstanding in quality but there is usually a reasonable substitute which the foreign purchaser can buy at a lower price in his local market. Quite often the price of the local product is lower because of the high tariff paid on imported goods or high freight costs; nevertheless, the consumer has the cheaper alternative. As difficult as it is to make generalizations about these groups it can be said that the group III cases are subject to much greater foreign competition than the other two groups.

It is frequently stated that price competition is less intense among products that have reached the stage of final consumers' goods than among products that are to be used in business presumably because brand names are apt to have more influence upon the consumer than upon businessmen. In the following table the major products of the cases have been classified into consumers' and various producers' goods. All building materials have been classified as capital goods. Out of the 44 cases classified as producers' goods 30 are in group III while of the 32 cases of consumers' goods only 16 are in group III. That is, two-thirds of the producers' goods cases export at lower prices while only one-half of the consumers' goods cases follow that practice. Since the practice presumably indicates less competition in the domestic market it might be argued that this evidence shows less competition among producers' than among consumers' goods. The sample, however, is hardly large enough to justify this conclusion although it does indicate that the reverse conclusion is not self-evident.

Classification of cases by types of product

	Total	Final con- sumers' goods	Branded final con- sumers' goods	Pro- ducers' goods for further process- ing	Pro- ducers' supplies	Capital goods
Group I	9	4	4	4	1	0
Export prices higher than domestic:						
Type 1.....	2	0	0	2	0	0
Type 2.....	3	0	0	2	1	0
Type 3.....	4	4	4	0	0	0
Group II	21	12	9	2	2	5
Export and domestic prices equal:						
Type 4.....	4	3	0	1	0	0
Type 5.....	1	0	0	1	0	0
Type 6.....	16	9	9	0	2	5
Group III	46	16	14	9	7	14
Export prices lower than domestic:						
Type 7.....	8	2	2	2	0	4
Type 8.....	7	2	2	1	2	2
Type 9.....	6	3	3	0	2	1
Type 10.....	15	6	4	1	3	5
Type 11.....	1	1	1	0	0	0
Type 12.....	6	1	1	3	0	2
Type 13.....	3	1	1	2	0	0
Total	76	32	27	15	10	19

The following table indicates several other factors of importance in the determination of export price policy.

It is obvious on the face of it that by lowering export prices a company will increase the volume of its export sales. There is no other reason for adopting that price policy. It does not follow that among firms producing different products those which make concessions on export prices will export a larger share of their output. The table shows the percent of sales exported by the various types of cases. Of the 30 cases in groups I and II, 22 export 10 percent or more of total sales. But of the 46 cases in group III, only 22 have that large a percentage of sales in export markets. In this group 13 cases are able to export only 2 percent or less despite price reductions while no more than 2 cases in the other groups fall into that category.

	Total cases	Percent of sales exported			1 or more foreign plants	Export from the foreign plants
		2 percent or less	2 percent to 10 percent	10 percent or over		
Group I.....	9		1	8	3	2
Type 1.....	2			2		
Type 2.....	3		1	2		
Type 3.....	4			4	3	2
Group II.....	21	2	5	14	3	3
Type 4.....	4	1	1	2	1	1
Type 5.....	1		1			
Type 6.....	16	1	3	12	2	2
Group III.....	46	13	11	22	22	19
Type 7.....	8	2	4	2	2	2
Type 8.....	7		2	5	2	1
Type 9.....	6	2	1	3	2	2
Type 10.....	15	2	3	10	12	11
Type 11.....	1			1	1	1
Type 12.....	6	4	1	1	3	2
Type 13.....	3	1	3			

¹ Percent exported is somewhat higher for a few of the manufacturers represented by these exporters.

This is a definite indication that those firms which are forced to make price concessions on export sales are exporting less of their total sales than firms which make no price concessions. Even among the group III cases the same relationship exists; that is generally speaking, the more extensive the concessions the smaller the percentage of sales exported. The reason for this is not difficult to find. It is that the firms with a natural export product do not have to make price concessions to get a large volume of exports. The peculiarly American products mentioned above are exported in large quantities at the domestic price. There are, economically speaking, our natural export products. On the other hand, those products which can only be exported at reduced prices are not so readily salable in export markets. A small market is obtained by price concessions but export volume is not easily obtained for those products. As a corollary it may be stated that the larger the volume of exports the less able is the firm to give price concessions. A large volume of exports must bear its full costs and return a profit much more so than a small volume.

The size of the export area in which a firm is doing business also has an influence on its export price policy and is often a determining influence. As many of the products in groups I and II find natural export markets in most countries, this fact does not show up in a statistical comparison with group III. Nevertheless, it is a fact that when a company tries to sell in many diverse national markets it is more apt to be forced into price adjustments to meet peculiar local conditions than if it restricted its efforts to a few markets. For example, all the cases of type 7 would be in group II if they were willing to withdraw from the few markets to which they now give price concessions. And several of the cases in group II sell to relatively few markets because they insist upon exporting only at domestic prices.

Another factor which affects export price policy is foreign branch plants. In general the same forces which would induce a firm to give export price concessions would make it profitable to establish manufacturing branches abroad. From the above table it can be seen that one-half of the cases in group III have foreign manufacturing branches as against less than one-third in the other groups.

In each case, however, the establishment of a foreign branch reduces the necessity of exporting below the domestic price. Several of the companies stated that it was their policy to use domestic price on export business and to supply lower priced markets from their foreign factories. There is no doubt that some of the cases in group II would not be able to maintain export prices if they were not producing abroad and that many of the cases in group III would be exporting a large share of this output at lower prices if they were not supplying some markets locally. It may be noted that in 24 of the 28 cases with branch plants abroad those plants supply exports for other markets in addition to supplying their local market. Those companies which are not in a position to manufacture abroad or who cannot economically decentralize their operations are more often forced to rely upon price concession to maintain their export trade than firms which can produce in several countries.

CHAPTER VII

CONCLUSIONS

This study was directed primarily toward answering a specific question: Can the existence of higher domestic than export prices be accepted as *prima facie* evidence of actions which are prohibited under the antitrust laws or, stated more broadly, does international price discrimination occur only under conditions of monopoly in one or more markets? It will be recognized that a comparison of domestic and export invoice or quoted prices may be entirely inappropriate in answering this question since such prices may merely reflect the costs involved in different terms and conditions of sale. Net factory realizations on domestic and export sales must be used to determine the difference, if any, between prices.

This investigation demonstrates that international price discrimination is not a sure sign of monopoly as that term is generally conceived. If one means by monopoly that an industry is composed of a single producer or that there is an explicit or tacit agreement among the producers of an industry controlling price or production policy, then it must be said that different export than domestic prices is not clear proof of monopoly. Such price behavior can and undoubtedly does occur in monopolistic industries but it also often occurs in industries or firms which are not monopolistic as defined.

In this study of 76 cases, all of which sell in both domestic and export markets, it was found that 45 cases transacted at least some of their export sales at other than domestic prices. In 9 cases of this 45, export prices were sometimes higher than domestic prices but never lower, while in the remaining 36 cases export prices differed from domestic in both directions although lower prices were much more predominant. In only 6 cases was it found that all export sales were consummated at less than the domestic price. In only 21 cases of the 76 were export prices always identical to domestic prices. Thus more than two-thirds of this limited sample show some flexibility in export pricing policy.

It was brought out in chapter V that there were considerable differences in pricing methods and attitudes toward price policy among the 45 cases which had some variation between domestic and export prices. These differences in price policies cannot be summarized in this concluding chapter. It need only be emphasized, however, that a large majority of the cases were not monopolies—that is, instances of production being controlled by one firm or by several firms acting under an agreement. In the opinion of the investigator not more than 12 out of the 45 could be so classified.

The others, to be sure, are not instances of pure price competition such as one finds among producers of (say) wheat. The term monopolistic competition, as contrasted to pure competition, has been

used to describe the competitive situation in these cases. The management in each of them does have some control over the prices at which the product is sold—beyond the mere decision to produce or not to produce such as confronts the wheat farmer—but this element of price control does not arise either because the concern is the sole producer of the commodity or because it is acting in collusion with the other producers. The element of price control arises rather from either of two conditions which were not contemplated by the anti-trust laws or included in the concept of monopoly around which the antitrust laws were written. These conditions are (1) the non-standardized character of the product itself which allows consumer preference in the face of price differences, and (2) the fewness of producers of a commodity which gives to each some power to effect the price which all receive and thus enables each to see the profitability of maintaining a certain price without any agreement among the group to do so. Neither of these situations can be called monopoly and neither is unlawful under the antitrust laws.

Such widespread use of international price discrimination by industrial concerns as brought out in this study and the ability to exercise some control over prices that is implicit in this situation, obviously raises a serious public question. The economic system based upon free private enterprise has placed reliance, both in practice and in theory, upon intense price competition for securing equity to the consumer and the full utilization of resources in production. But international price discrimination is an indication that intense price competition may not be the prevalent industrial norm.

At first glance it might seem that the interest of government should be directed to the sphere of export prices in an effort to determine if public control of those prices can benefit the domestic consumer. Taking the lack of intense price competition in the domestic market for granted, one may inquire into the domestic repercussions of granting price concessions in foreign markets. The theoretical consideration of this problem shows that no single conclusion is possible. Conditions can be set forth, and such conditions undoubtedly exist, under which the domestic price would be lower if price concessions are made in export markets than if such concessions are not made. Other conditions can be set forth, and these too undoubtedly exist, under which export price concessions would tend to raise prices to the domestic consumer. The conclusion, therefore, will vary with the underlying conditions in the industry concerned—conditions regarding the character of domestic and foreign demands and the effect of increasing or decreasing output upon costs.¹

Since domestic prices in some instances may be raised because lower prices are set on foreign sales there is a suggestion that the public prevention of such export price concessions offers a possibility of lowering domestic prices in such cases and thus benefiting domestic con-

¹ Professor Viner has summarized two of the most interesting situations as follows: "For the special case where under a uniform price policy the optimum price would not permit of any export sales, it has been shown that resort to dumping with a consequent increase in output would lead to a higher domestic price if marginal costs increased and to a lower domestic price if marginal costs decreased. The important problem, however, of what is the effect of dumping on domestic price when some export business could be obtained even under the optimum uniform price still awaits solution; under these circumstances it appears that resort to dumping always raises the maximum revenue domestic price and increases the cost to the domestic consumer by more than the increase in monopoly revenue."—Jacob Viner, *Encyclopedia of the Social Sciences*, vol. 3, p. 276.

sumers. While not denying the possibility, the writer is of the opinion that, in a world where foreign trade is left substantially to individual initiative, the restriction of export price concessions generally would be unfruitful in producing favorable results on the domestic price structure. Three arguments may be offered in support of this conclusion.

(1) It would be virtually impossible to analyze actual demand and cost conditions with sufficient accuracy to provide a guide for public policy and, therefore, virtually impossible to know in any given instance whether a lower or a higher domestic price would result from Government control of export prices.

(2) But there is a more important objection to the general prevention of lower export prices. After examination of the cases included in this study and conversations with the business executives involved, the writer is convinced that in most instances export price policy is determined quite independently of domestic price policy and often by different individuals. While there seems to be a general recognition among business executives of the effect of added output upon costs and thus a recognition of the possibility of increasing profits by making export price concessions, this reasoning is seldom carried so far as to give an interrelated domestic and export price policy. Such being the case, there is a likelihood that any general control of export prices would result in lower exports and reduced employment without the offsetting advantages of lower prices and increased production for the domestic market.

(3) The third reason is that the economic adjustment which would produce lower domestic prices can only be assumed to operate under conditions of full employment. The pressure upon the producer to reduce domestic prices if he should be forced to discontinue export price concessions and hence lose some foreign sales comes from the unused capacity which those lost sales create. However, as this study was made at a time when there was considerable excess capacity in industry, little reliance can be placed upon the power of a small increase in that excess to effect profound price changes.

Thus, if monopoly or monopolistic competition in domestic industry leads to price concessions being made in export markets, not much is apt to be gained through the Government's operating directly upon export prices. This does not mean that the existence of international price discrimination does not present a problem which demands the serious attention of government and business. But it is a problem which lies primarily within the domestic market rather than in export markets. Export price discrimination is a clear sign that some impediment is restricting competition in the domestic market, even though it is not an illegal impediment. It is the impediment to domestic competition which creates the problem and demands attention, however, and not the signs of the problem in export price policy. It should be recognized furthermore that the possible ill effects of monopoly—in the way of obstructing full employment and the best allocation of resources—can flow just as well from widespread monopolistic competition.

PART II

**DIRECT FOREIGN INVESTMENTS IN
AMERICAN INDUSTRY, 1937**

Prepared by
PAUL D. DICKENS

in the
**Bureau of Foreign and Domestic Commerce
DEPARTMENT OF COMMERCE**

FOREWORD

American industry was built up with the help of large amounts of foreign capital. The problem to which this study is directed is the extent to which industrial operations in the United States are today in the hands of foreign owners.

Of the \$7,398,000,000 of foreign investments in the United States \$1,883,000,000 represent direct investments involving 1,172 companies and branches located in the United States. These new estimates are broken down in the report by industry and by foreign country involved.

This study does not attempt to cover other phases of the problem of international controls over our economic activity. The effect of foreign competition through imports, the existence of working arrangements for dividing the world market or of reciprocal agreements to respect each other's home market, and the possibility of controls through patent rights, are none of them here considered. This study does show that the domestic problems of industrial management are not significantly complicated by foreign controls reaching into the American scene in the form of actual operations within our boundaries.

WILLARD L. THORP.

WASHINGTON, D. C.

DIRECT FOREIGN INVESTMENTS IN AMERICAN INDUSTRY, 1937

INTRODUCTORY

Cartels, such as are common in Europe, are not a feature of industrial organization in the United States. The antitrust laws have prevented that. However, there has been nothing to prevent cartels from obtaining a share of the American market by establishing branches or subsidiaries in this country. The study, the results of which are here presented, has shown that the foreign cartels as such have rarely established branches or subsidiaries in the United States. Several of the larger members of such cartels have entered this market by those means and do exert an influence in that manner. The extent of that influence, as shown by the value and character of foreign investments in this country, is analyzed in this report.

Foreign investments in the United States at the end of 1937 aggregated \$7,398,000,000, as shown in table I. The short-term investments, which totaled \$1,920,000,000, took the form largely of deposits in United States banks. Direct investments amounted to \$1,883,000,000 followed closely in size by investments in common stocks at \$1,850,000,000. Foreign holdings of United States preferred stocks and bonds and other investments were much smaller.

Deposits of foreign funds in United States banks are extremely volatile, flowing freely and rapidly into and out of the country as influenced by political and economic rumors and developments in this and in foreign countries. Investments in United States common and preferred stocks and bonds, particularly the first, are also subject to considerable fluctuations in value. These fluctuations arise from the volume of purchases and sales, which are affected by political and economic conditions, like deposits of foreign short-term funds, although to a somewhat lesser degree. In addition, fluctuations arise from the considerable changes in the average market prices of American common stocks that frequently occur. The so-called "other investments" are composed of estates, trust funds, holdings of real estate and real-estate mortgages, and other miscellaneous items. These are not highly liquid and show relatively little change from year to year. The same is true of "direct investments."

TABLE I.—*Estimate of Foreign Investments in the United States, End of 1937*

<i>Type of investment</i>		<i>Estimated Value</i>
Long-term investments:		
Direct investments (book value) ¹ -----		\$1,883,000,000
Common stocks (market value) ² -----		1,850,000,000
Preferred stocks (par value) ² -----		430,000,000
Bonds (par value)-----		565,000,000
Other investments-----		750,000,000
Total long-term-----		5,478,000,000
Short-term investments-----		1,920,000,000
Grand total-----		7,398,000,000

¹ Revised.

² The Finance Division, Bureau of Foreign and Domestic Commerce, is making an intensive study of these investments; the results of this study should be available during the summer of 1940.

FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES AND THEIR SIGNIFICANCE

At the end of 1937 foreign companies and individuals domiciled abroad controlled a total of 1,172 companies and branches located in the United States. The total investment interest of the foreign owners of these companies and branches amounted to \$1,882,603,000.

Foreign direct investments in the United States are all foreign investments in those United States corporations or enterprises which are controlled by persons or small groups of persons (corporate or natural) domiciled in foreign countries, or in the management of which such persons or groups have an important voice.¹ It is through this type of investment that foreigners most directly influence production and distribution in the United States and for that reason it is this type of foreign investment that is discussed here in detail.

These investments had no common cause, unless it was a desire to participate more fully in the great American market. Some date their beginning before the Civil War while others were only recently started. Some have grown to considerable size, as any prosperous well-managed business may, while others are the result of the merger of several units, some of which may have been domestically owned. Many of the manufacturing enterprises are based even now on patent control. Frequently patent controls were important in the beginning of the enterprise but now the reputation for a good product and good service is more vital to it. The United States tariff was undoubtedly a factor in causing some factories to be established to manufacture products in this country that could not be imported and meet the competition of domestically produced goods. Other factors, such as the costs of transportation, or the availability of a raw material, were influential in individual cases.

TABLE II.—*Foreign direct investments in the United States, by Industries, 1937*

[In thousands of dollars]

<i>Industry</i>	<i>Investment</i>	<i>Industry</i>	<i>Investment</i>
Manufacturing:		Manufacturing—Continued.	
Automobile parts-----	\$34, 821	Building and constructed material-----	\$15, 827
Iron and steel-----	6, 348	Paper and wood products-----	18, 236
Nonferrous metals-----	24, 200	Chemicals-----	220, 304
Transportation equipment-----	1, 790	Rubber-----	2, 561
Machinery-----	31, 977	Leather-----	2, 725
Heating and electrical equipment-----	11, 963	Textiles-----	217, 164
Hardware-----	12, 276	Foodstuffs-----	31, 938

¹ The basis of the classification of an investment as "direct" has been the ownership of the common stock of the enterprise. No arbitrary percentage of ownership of the common stock has been adopted because a concentrated holding of 30 percent of the stock may give control of policies as effectively as a more widely distributed holding of 50 or 60 percent.

TABLE II.—*Foreign direct investments in the United States, by Industries, 1937—*
Continued

<i>Industry</i>	<i>Investment</i>	<i>Industry</i>	<i>Investment</i>
Manufacturing—Continued.		Finance:	
Beverages	\$65, 275	Banking, i n v e s t m e n t s ,	
Tobacco	18, 764	etc.....	\$61, 103
Other manufactures.....	12, 500	Insurance	351, 262
Total, manufacturing--	728, 669	Total, finance.....	412, 365
Distribution.....	119, 161	Agriculture	12, 670
Transportation.....	257, 002	Miscellaneous	36, 202
Public utilities	9, 182		
Petroleum.....	283, 450	Grand total.....	1, 882, 603
Mining	23, 902		

INDUSTRIAL DISTRIBUTION

Foreign direct investments in United States enterprises in 1937 were distributed over the whole range of business activity in this country. (See table II.) Every major industry was represented from manufacturing to agriculture and from retail distribution to railroad systems. The distribution by industries was not even, however, nor did it conform to the relative importance of the various industries in the United States. Controlling investments in United States public utility enterprises, for example, were the smallest in any group. Undoubtedly one reason for this was the fact that the period of greatest development in the public utility field occurred after the United States became a lender rather than a borrower. Another reason, however, was the attainment by electric and gas utilities in this country of a position of financial strength and technical efficiency before they did in foreign countries.

Manufacturing, with its wide range of nonstandardized highly competitive products, was the field of investment in 1937 of \$729,000,000, or approximately 40 percent of the total foreign direct investments in the United States. Although the range of product is extremely wide, in some branches entrepreneurs in this country developed advanced techniques and superior products earlier than foreign companies and the conditions have not been favorable for investments by the latter. Other branches of manufacturing revealed the existence of competitive conditions which induced foreign investments. Under this latter head mention needs to be made particularly of chemical, textile, and beverage manufacturing. Among the branches of manufacturing that were affected least by the entrance of foreign affiliates into this market were iron and steel, transportation equipment, and rubber.

Just before the United States entered the World War, the domestic chemical industry was dominated by a few large German concerns. The seizure of the United States assets and patents of those concerns, and their sale to domestic interests, served to break that domination. This is an industry, however, in which patents play a prominent role. As a result foreign investments in the chemical industry, including toilet goods and cosmetics, amounted to \$220,000,000 at the end of 1937. As large as this investment seems, it was only about 5 or 6 percent of the total capital invested in the United States chem-

ical industry.² Furthermore, the geographic distribution of that foreign investment was much wider in 1937 than in 1914, with England, France, Netherlands, and Switzerland, as well as Germany, in important roles.

Textile manufacturing presented yet another picture. Cotton, wool, and silk textile production have not for years, if ever, been dominated by foreign capital. There were, nevertheless, several old companies of more than average size that were controlled abroad, particularly in England and France. Rayon manufacturing concerns, on the other hand, were largely foreign in their origin and control, and in 1937 several of the largest companies were wholly or partially owned by British, Dutch, and German companies. The textile group as a whole, in which \$217,000,000 of foreign capital was invested, showed about the same degree of foreign control as did the chemical industry.

Approximately 6 percent of the capital invested in the manufacturing of beverages (alcoholic and nonalcoholic) was owned abroad in 1937. Foreign ownership, however, was confined largely to the manufacture of alcoholic beverages and in that branch comprised a much larger part of the total investments. The latter was, of course, a development of the years after 1933. Almost all of the \$65,000,000 of foreign investments in United States beer and whisky manufacturing companies were held by a few large Canadian companies.

The investment in financial institutions was next in size to the manufacturing industry, although only about 60 percent as large. Of the \$412,000,000 of foreign capital invested in this type of enterprise, the net worth³ of 134 foreign-owned insurance branches and subsidiaries amounted to \$351,000,000. Seventy percent of the net worth of these insurance investments was in fire and marine insurance branches and companies and only 4 percent in life insurance companies although the admitted assets of life insurance companies were nearly as large as those of the fire and marine companies. The difference was the result of the varying statutory reserve requirements applying to these types of companies.⁴ Three-fourths of the direct investments by foreign insurance companies were British. (See table II.) No other country comprised as much as 10 percent of the total. Direct investments in banks, trust companies, and investment companies amounted to \$61,000,000.

Foreign direct investments in the petroleum industry, which amounted in 1937 to \$283,000,000, covered the entire range of production, pipe-line transportation, refining, and distribution. Some of these investments had their origin before 1914. Their principal expansion, following the trend of the industry took place after the close of the war. England, Canada, and Netherlands all figured prominently in the total.

² Based roughly on the total assets of chemical companies as reported in Bureau of Internal Revenue, Press Service No. 19-13, showing the assets and liabilities as of December 31, 1937, of corporations submitting balance sheets.

³ The net worth of these branches and affiliates of foreign companies, rather than the total admitted assets or total investments, has been adopted as the correct method of valuing insurance investments because a large part of the assets of insurance companies are required by law to be deposited against policy liabilities with State insurance commissioners as statutory reserves.

⁴ For more detailed data regarding foreign insurance investments in the United States see the following publications of U. S. Department of Commerce: Trade Information Bulletin No. 834, Insurance Transactions in the Balance of International Payments of the United States, 1919-35, by Dr. August Maffry, published in 1936; The Balance of International Payments of the United States (published annually), and Foreign Investments in the United States, pp. 38 and 43, published in 1937.

With one exception the controlling foreign investments in United States railways were held by the two large Canadian systems. These holdings were acquired for the most part during the last half of the last century when the Canadian companies were seeking direct access to Chicago and to the eastern seaboard of the United States. Foreign direct investments in transportation enterprises in 1937 were estimated at \$257,000,000.

Direct investments by foreigners in United States mining and agricultural companies were, up until about 1910, more numerous and valuable than at present. This was particularly true of agriculture.⁵ During the 1870-80's British capitalists obtained large tracts of land in the South and Middle West either for exploitation or as speculations. The liquidation of such holdings was very rapid after about 1900 and during the World War, and as a result were relatively unimportant in 1937. Controlling investments in United States mining enterprises in 1937 were generally of rather recent origin. The pre-war foreign holdings were usually sold gradually to United States investors so that while foreigners still have large investments in mining enterprises in this country they are no longer controlling interests. The development of American potash resources, which is of fairly recent date, has been financed largely by foreign capital and accounts for a substantial portion of the \$24,000,000 invested in mining enterprises.

Import-export houses, and distributors of foreign specialty articles, such as some Japanese and Philippine goods, comprise the bulk of the foreign direct investments in the distribution industry.

TABLE III.—*Foreign direct investments in United States, by principal countries and industries, 1937*

[In thousands of dollars]

	Manu- factur- ing	Distri- bution	Trans- porta- tion	Public Utili- ties	Petro- leum	Min- ing	Fi- nance	Miscel- lane- ous	Total
Europe:									
United Kingdom.....	366,547	29,674	30,285	925	92,940	13,146	277,074	22,752	833,343
Netherlands.....	27,825	5,009	1,032	-----	142,551	325	1,266	511	178,519
Belgium.....	65,662	3,573	142	-----	-----	112	1,071	630	71,190
Germany.....	45,805	6,279	2,467	-----	38	-----	147	249	54,985
Switzerland.....	24,175	12,864	172	-----	2,276	-----	28,045	6,400	73,932
France.....	24,109	7,411	1,490	-----	10,078	-----	11,629	1,786	56,503
Sweden.....	24,998	1,433	736	-----	-----	-----	2,569	-----	29,736
Other Europe.....	11,937	3,446	2,801	-----	-----	-----	13,077	7,895	39,156
Total.....	591,058	69,689	39,125	925	247,883	13,583	334,875	40,223	1,337,364
Canada ¹	130,873	11,008	215,624	8,057	34,987	10,199	45,742	6,205	462,693
Latin America.....	2,205	13,975	5	200	149	55	1,516	292	18,397
Africa, Asia, and Oceania:									
Japan.....	927	16,531	1,757	-----	-----	-----	21,805	10	41,030
Other.....	1,869	7,936	44	-----	-----	-----	8,386	1,085	19,320
Total.....	2,796	24,467	1,801	-----	-----	-----	30,191	1,095	60,350
Unknown.....	1,737	22	447	-----	431	65	38	1,057	3,797
Grand total.....	728,669	119,161	257,002	9,182	283,450	23,902	412,365	48,872	1,882,603

¹ Including \$102,000 for Newfoundland (\$2,000 in mining and \$100,000 in "miscellaneous").

⁵ There are undoubtedly some large unincorporated farms and urban properties owned by foreigners today that are not included in the 1937 estimates.

GEOGRAPHIC DISTRIBUTION

Seventy percent, or over \$1,300,000,000, of the foreign direct investments in the United States in 1937 belonged to the United Kingdom and the British Dominions. The bulk of these large investments—\$833,000,000—was made by corporations and individuals in the United Kingdom. Canada with \$463,000,000 made up most of the remainder. Manufacturing and insurance were the two industrial groups in which British investments were largely centered. To an important degree both had a long history, some of the latter going as far back as 1804 and the former to 1853. In many cases the only explanation of their continued existence as foreign-controlled enterprises was this historical factor and their profitability. In other cases important English investments arose out of patent controls, tariff measures, and the demands of competitive marketing.

Canadian direct investments in the United States covered a wide range of activities. They seem to have been the result of nearness and the similarity of markets and methods. Nearness or contiguity were, of course, the determining factor in the investments in branch railway lines in this country. To a very real degree nearness can also be said to be a factor in the manufacturing investments, the next most important group, as is evident from the notable extent to which these enterprises are concentrated in Buffalo and northern New York. Furthermore, the close relations that exist between Canadian and United States businessmen naturally lead to their association in various enterprises or industries.

European countries, other than the United Kingdom, likewise had large direct investments in the United States in 1937. Netherlands, with \$178,000,000, followed Canada in size. Switzerland, Belgium, France, and Germany were next in that order of importance. While petroleum comprised the bulk of the investment of the Netherlands, manufacturing was a large part of the total of each of the countries listed above. (See table III.) Chemical, textile, and mechanical branches of manufacturing were most prominently represented.

Direct investments by other foreign countries were scattered and relatively unimportant with the exception of the Japanese interests. The latter totaled \$41,000,000, in which insurance and distribution enterprises were the only ones of significance.

TABLE IV.—*Foreign direct investments in the United States, by countries, 1937*

[In thousands of dollars]

Country	Total investment	Country	Total investment
Europe:		South America:	
Austria.....	155	Argentina.....	987
Belgium.....	71,190	Bolivia.....	14
Czechoslovakia.....	1,467	Brazil.....	1,674
Denmark.....	8,138	Chile.....	7,777
France.....	56,503	Peru.....	21
Germany.....	54,985	Total, South America.....	10,473
Greece.....	765		
Irish Free State.....	1,107	West Indies:	
Italy.....	12,476	British West Indies.....	914
Lichtenstein.....	8,257	Cuba.....	4,986
Lithuania.....	35	Dominican Republic.....	75
Luxembourg.....	2,757	Total, West Indies.....	5,975
Madeira.....	147		
Monaco.....	67	Africa:	
Netherlands.....	178,519	British Africa.....	255
Norway.....	2,318	Egypt.....	3
Poland.....	26	Total, Africa.....	258
Portugal.....	2		
Spain.....	1,419	Asia:	
Sweden.....	29,736	British India.....	1,260
Switzerland.....	73,932	China.....	4,803
Union of Soviet Socialist Republics.....	20	Hong Kong.....	436
United Kingdom.....	833,343	Iraq.....	106
Total, Europe.....	1,337,364	Japan.....	41,030
		Netherlands East Indies.....	1
North America:		Palestine.....	44
Canada.....	462,593	Philippine Islands.....	9,803
Newfoundland.....	102	Turkey.....	4
Total, North America.....	462,695	Total, Asia.....	57,487
Mexico and Central America:		Oceania:	
Mexico.....	1,751	Australia.....	741
El Salvador.....	1	New Zealand.....	1,864
Guatemala.....	60	Total, Oceania.....	2,605
Honduras.....	12		
Panama.....	125	Unknown.....	3,797
Total, Mexico and Central America.....	1,949	Grand total.....	1,882,603

FOREIGN CONTROL OF UNITED STATES PRODUCTION

The control over United States production exercised by foreign corporations through their direct investments in this country was, on the whole, negligible in 1937. In agriculture, for example, while foreigners controlled one of the largest cotton-plantation enterprises in the United States its production was a small fraction of total cotton production of this country. While foreigners owned several ranches and one of them was between 800,000 and 900,000 acres in size, with about 50,000 head of cattle, that too was only a fraction of 1 percent of the total acreage and stock of cattle. Foreign ownership of United States coal, iron, copper, and timber resources, to mention a few important raw materials, were insignificant.

In a few instances a larger proportion of the United States production of raw materials was controlled by foreign corporations. According to data supplied to the Department of Commerce by the Bureau of Mines, foreign-controlled oil corporations in the United States produced in 1937 about 5.0 percent of the total crude-oil production in this country. The aggregate crude runs of the same corporations was about 6.9 percent of the total crude runs. As of January 1, 1938, the crude-oil refinery capacity (operating) of the foreign-owned United States

corporations was about 6.4 percent of the refinery capacity of the United States.⁶

Certain other branches of the mineral industry revealed a larger concentration of foreign control. In 1937 the only smelter of antimony metal in the United States was owned abroad. This company produced little or no ore but obtained a substantial part of its antimony-ore requirements from affiliated mines in Mexico. The antimony-oxide output of this smelter in 1937 was roughly 25 percent of the domestic total. In 1938 a new antimony smelter was put in operation in California.⁷ Almost three-fourths of all of the potash produced in the United States in 1937 was produced by corporations in which foreigners had substantial interests. The first real beginning of the potash industry in this country was made after the outbreak of the World War in 1914 which prevented imports from the former German sources. The most substantial advances were made after 1926 and at the present time over half of the United States consumption is produced here.⁸ Only a very small part of the production of phosphate, another great fertilizer material, was in the hands of foreign-owned companies. More than 90 percent of the domestic output of boron minerals, from which commercial borax and boric acid are produced, was accounted for by companies under foreign control.

TABLE V.—*Study of international affiliations of American industry based on Census of Manufactures, 1937*

Industry	Value of products			Number of—		
	United States	Selected companies	Percent of United States total	Establishments		Concerns, selected
				United States	Selected	
Paper.....	\$957, 939, 764	\$16, 790, 895	1.8	647	8	8
Drugs and medicines.....	345, 918, 343	6, 997, 061	2.0	1, 013	11	11
Paints, pigments, and varnishes.....	538, 460, 629	2, 515, 886	.5	1, 124	7	4
Canned and dried fruits and vegetables; canned and bottled juices; preserves, jellies, fruit butters, pickles, and sauces.....	788, 927, 440	23, 790, 802	2.2	2, 772	7	5
Food preparations not elsewhere classified.....	278, 638, 830			1, 049	10	4
Liquors:		108, 686, 299	13.7			
Distilled.....	113, 102, 963			151	12	4
Malt.....	537, 105, 238			653	11	9
Rectified or blended.....	144, 455, 224			210	12	4
Chemicals, not elsewhere classified.....	932, 749, 910	221, 444, 829	18.6	601	52	20
Rayon and allied products.....	254, 697, 216			33	10	5
Machinery not elsewhere classified.....	964, 150, 996	27, 365, 167	1.7	2, 298	10	9
Machine-shop products.....	652, 751, 157			2, 957	5	4

Source: Department of Commerce, Bureau of the Census.

Note by Finance Division, Bureau of Foreign and Domestic Commerce. The list of foreign-controlled companies, the "Selected companies," was supplied to the Bureau of the Census by the Finance Division. The "Number of establishments" refers to the number of plants in operation during 1937 and the number of "Concerns" refers to the United States companies owning the plants.

On the whole foreign-controlled United States companies accounted for only a very small part of the total output of manufacturing enterprises in this country in 1937. In this industrial group, however, as in the raw-material industries, there was a significant con-

⁶ Based on data in Department of Interior, Bureau of Mines, Information Circular 7034, and in the files of the Finance Division, Department of Commerce.

⁷ Bureau of Mines, Minerals Yearbook, 1937, p. 733, and 1939, p. 720.

⁸ The Annalist, "Potash, a New Industry Making Satisfactory Progress," by Paul Portzelt, July 6, 1939, pp. 4 and 7.

centration of foreign control over certain commodities. In order to obtain a more accurate idea of the volume of production and the percentage controlled by foreigners, the Bureau of the Census was requested to compile the pertinent data on the basis of a list of foreign direct investments in the United States which was supplied by the Finance Division, Bureau of Foreign and Domestic Commerce. Those data, as compiled by the Bureau of the Census, are given in table V.

There were several fairly important industry groups not covered by table V because in those groups there were less than four concerns in the list of foreign-owned companies or the production of one concern in the group comprised such a large part of the total for the "selected companies" that, in effect, that total revealed the approximate production of the one large concern. Some of the industrial groups excluded from the table on those grounds were cotton yarn and thread, woolen yarns, soap, perfumes, cosmetics, and other toilet preparations, rubber tires and inner tubes, glass, and tobacco and snuff.

The chief concentrations of foreign-controlled manufacturing production proved to be in two combinations of industries shown in table V; first, liquors—distilled, malt, and rectified or blended; and, second, chemicals, not elsewhere classified, and rayon and allied products. All of the other groups in table V showed the production of the "selected companies" to be 2.2 percent or less of the total production. The two industry combinations mentioned above were necessitated by the small number of companies in the industries combined or by a concentration of production in one concern in the industry.

It is quite generally known that the United States production of rayon, distilled liquors, and dyestuffs in 1937 was centered in foreign-controlled companies to a greater degree than the percentages in table V indicate. Accordingly it was desirable to ascertain, from other sources, the information desired.

In 1929 in an article on World Investments in Rayon published by the Manchester Guardian⁹ (England) the statement was made that foreign capital invested in five United States rayon companies amounted to £35,000,000 or 55 percent of the capital invested in the rayon industry in the United States. The same comparison cannot be made for a more recent date but data regarding the installed capacity of the rayon plants in this country¹⁰ shows that between 55 and 60 percent of that capacity was, as of the end of 1938, owned by foreign-controlled companies. While the percentage has remained about the same or slightly increased, it is true that United States capital is associated with the foreign capital in those companies to a larger extent than in 1929.

The production of dyestuffs, which in 1914 was almost exclusively under the control of foreign corporations, was, on the basis of sales data compiled by the United States Tariff Commission, controlled to the extent of only about 30 percent in 1938.

The repeal of the prohibition amendment in 1933 presented an opportunity to foreign whisky producers to obtain an important position in this market. Partly because of the import duty of \$5 per proof gallon, those foreign corporations, particularly Canadian, or-

⁹ The Commercial, published by the Manchester Guardian, July 11, 1929, p. 11.

¹⁰ Rayon and Staple Fiber Yearbook, third edition, 1939, pp. 752-771.

ganized subsidiaries and built large plants in this country. One of those plants is the largest distillery in the United States with a capacity of 100,000 gallons a day.¹¹ Two of the foreign-owned corporations, with the affiliated companies, are among the first four largest companies distilling and distributing whiskies and other alcoholic beverages in the United States. According to data supplied by the Federal Alcohol Administration, the production of all foreign-controlled companies was between 35 and 40 percent of the total whisky production of the United States.

The impact of foreign control on United States production cannot be measured on a purely quantitative basis. Occasionally one of these companies is one of two or three makers in the United States of some specialized product which has an important place in some complicated machine or process. It, therefore, acquires a significance far surpassing the value of the part when compared with the value of the finished machine. Some of these foreign-controlled enterprises manufacture articles that are particularly desired by immigrants from a foreign country or area. The significance of the latter enterprises is more sentimental than practical.

CONCENTRATION OF ASSETS AND INVESTMENT

A special analysis was made of data relating to 651 foreign-controlled United States companies, excluding insurance companies, in order to determine the technical investment and financial characteristics. The foreign investment in these companies amounted to \$1,347,000,000, or 88 percent of the total foreign direct investments in the United States, excluding the investments in insurance companies. These 651 companies had total assets, at the end of 1937, of \$2,586,000,000. Among these, 37 concerns, or 5.6 percent, had assets in excess of \$10,000,000—their total assets comprising about 64 percent of the assets of the entire group.¹²

This degree of concentration followed quite closely the pattern of United States industry in general. The manufacturing, transportation, petroleum, finance, and trading industries were represented in the group of larger companies. At least one was the result of a merger near the turn of the last century, others resulted from the rapid growth of industries, such as the production of rayon yarn, where patent control was important, while still others had grown to unusual size just as other domestic units in the same industry had during the same period.

The total capitalization of the 651 companies amounted to \$1,911,000,000, and the total common stock to \$893,000,000. Sixty-three percent of the capitalization¹³ and 81 percent of the common stock of those companies was owned in foreign countries. In other words control was held through the ownership of the common stock while United States capital was associated in the enterprises to a greater degree through the ownership of preferred stocks and bonds than of common stock. The total foreign investment in the 37 companies with assets of over \$10,000,000 amounted to \$985,000,000, or 73 per-

¹¹ Hearings before the Temporary National Economic Committee, Part 6, Liquor Industry, p. 2537.

¹² Most of the larger foreign-controlled units were affiliated with foreign corporations which were in their own countries considered among the bigger organizations.

¹³ Capitalization included common and preferred stock, surplus or deficit, and bonds but excluded advances and intercompany accounts and other current liabilities.

cent of the investment in the 651 companies, and 64 percent of the total foreign direct investments in the United States, excluding the insurance companies.

TABLE VI.—*Financial structure of foreign direct investments¹ in the United States, by industrial groups and by Geographic areas, end of 1937*

[In millions of dollars]

Industry and geographic area	Common stock	Surplus account	Preferred stock	Bonds and notes	Advances and inter-company accounts	Total
Industrial groups:						
Manufacturing.....	346	202	57	32	50	687
Distribution.....	41	11	12	3	20	87
Transportation.....	73	(54)	44	91	67	221
Public utilities.....	3	1	1	1	-----	6
Petroleum.....	217	35	15	4	-----	271
Mining.....	5	4	1	1	-----	11
Finance.....	19	12	1	1	-----	33
Agriculture.....	1	(1)	-----	3	4	7
Miscellaneous.....	18	3	1	-----	-----	24
Total.....	723	213	132	138	141	1,347
Geographic areas:						
United Kingdom.....	289	118	30	14	53	504
Canada.....	130	7	61	16	71	385
All other areas.....	304	88	41	8	17	458
Total.....	723	213	132	138	141	1,347

¹ Covering 651 companies and 88 percent of the total foreign direct investments in the United States.

The financial structure of foreign direct investments in the United States in 1937 differed greatly from that of United States corporations generally. Over 53 percent of the foreign interest took the form of common stock. An additional 16 percent was surplus, while preferred stocks, bonds, and advances and intercompany accounts each comprised close to 10 percent. On the average, corporate structures in the United States in 1937 were about as follows: common, 25 percent; surplus, 15 percent; preferred stocks, 6 percent; bonds, notes, and mortgages, 20 percent; and accounts payable and other liabilities the remainder, or 34 percent.¹⁴

Such a financial structure cannot be considered unusual in a group of companies such as these; that is, companies that are controlled by other companies rather than by individuals. It is not greatly different from the financial structure of United States direct investments in foreign countries. The distribution in the latter case in 1936 was common stock, 47.1 percent; surplus, 13.6 percent; preferred stock, 7 percent; bonds, 18.2 percent; and advances and intercompany accounts, 14.1 percent.¹⁵ The principal difference between this distribution and that relating to foreign direct investments in the United States may be explained very largely by the industrial character of the two sets of data. The principal explanation is that public utility and transportation enterprises, which were a larger part of direct investments in foreign countries than of direct investments in the United States, are normally financed more largely by bonds, preferred stocks, and advances than are other industries.

¹⁴ Based on data compiled by the Bureau of Internal Revenue from the reports of corporations submitting balance sheets.

¹⁵ Department of Commerce, Economic Series No. 1, American Direct Investments in Foreign Countries—1936, by Paul D. Dickens, pp. 22–24.

CONCLUSION

The data herein presented show that, on the whole, foreign cartels and foreign corporations exerted only a minor influence on production in this country in 1937. Cartel members, rather than the cartel organizations themselves, were the sources of the only part of such control that was found to exist. They did not dominate any strategic industry and did not give rise to any serious problems. In general, it may be said that foreign control of United States industry, which was so extensive during much of the nineteenth century, has by the gradual and natural process of repatriation, been effectively eliminated.

PART III

**REPORT OF THE FEDERAL TRADE COMMISSION ON THE
OPERATION OF THE EXPORT TRADE ACT
(WEBB-POMERENE LAW) 1918-1940**

Submitted by
THE FEDERAL TRADE COMMISSION

REPORT OF THE FEDERAL TRADE COMMISSION ON THE OPERATION OF THE EXPORT TRADE ACT (WEBB- POMERENE LAW—1918-40)

BACKGROUND

REPORT OF THE FEDERAL TRADE COMMISSION ON COOPERATION IN AMERICAN EXPORT TRADE, 1916

The Federal Trade Commission Act was passed on September 26, 1914, and the Commissioners took the oath of office on March 16, 1915. In May of 1915 an inquiry was begun under section 6 (h) of the act on trade conditions in and with foreign countries which might affect the foreign trade of this country. Informal hearings were held in Boston and New York in June of that year. Arrangements were made with the Department of State for assistance of the United States consuls, and with the Department of Commerce, for cooperation of the commercial attachés stationed abroad.¹

During the following year the hearings were extended to other parts of the country—Chicago, Detroit, Cincinnati, Indianapolis, St. Paul, Spokane, Seattle, Tacoma, Portland (Oreg.), San Francisco, Los Angeles, San Diego, and other cities. Questionnaires were sent to several thousand corporations, firms, associations, and individuals interested in the subject, and field inquiries were made. Reports were received from American consuls and commercial attachés, and a Commission investigator was sent to South America. A study was made of cartels, syndicates, and combinations in foreign countries, including price and export agreements of foreign combines. Results of this inquiry were described by the Commission as "the most comprehensive presentation of facts relating to the question of combination and cooperation as it affects international trade that is anywhere available."²

The Commission's report on "Cooperation in American Export Trade" in two volumes was presented to Congress on June 30, 1916.³ It recommended the passage of a law to permit cooperation in export trade, in order that American exporters should be enabled to compete in foreign markets on more nearly equal terms with foreign competitors. Since the report is now out of print, excerpts will be quoted therefrom:

The importance of our foreign commerce and the need of understanding the conditions American exporters must meet in competing for the trade of the world was recognized by Congress when it gave the Federal Trade Commission wide power to investigate and to report its recommendations regarding those conditions * * * (p. 11, vol. 1).

¹ Annual report of the Federal Trade Commission, 1915, pp. 1, 2.

² Annual report of the Federal Trade Commission, 1916, p. 20.

³ Report on "Cooperation in American Export Trade," two volumes, 1916 (now out of print).

In view of the convulsive effect of the present war on the commerce of the world and of the difficulty of foreseeing the economic and business conditions that will result after the treaties of peace, the Commission has deemed it its duty to complete, with all possible dispatch, an investigation of the obstacles which have heretofore confronted American manufacturers and producers in world markets, and recommend such legislation by Congress as will best enable them to at least hold their ground in the fierce commercial struggle that seems imminent after the war is over.

The economic map of the world is being remade. The businessmen of the world are seeking to forecast conditions and to readjust affairs to the greatest advantage. The next few years contain possibilities of as far-reaching and enduring consequence to American industry, commerce, and finance as perhaps any years in the history of the country (p. 11, vol. 1).

One of the facts that stands out sharply as the result of the Commission's inquiry is the strength and character of the demand for cooperation among manufacturers and producers in export business. Four-fifths of all replies received were in favor of such joint action. These replies represented all interests and sections of business and professional men in the country, manufacturers, wholesalers, jobbers, retailers, export commission houses, manufacturers' export agents, importers, lawyers, economists, publicists, engineers, contractors, etc. They furnish a striking expression of the convictions of these men whose knowledge and experience of competitive conditions in international markets dictated their answers (pp. 199, 200, vol. 1).

Another noteworthy fact in connection with this demand is the attitude of the smaller manufacturers and producers. They have felt keenly their disadvantage in attempting to enter foreign markets single-handed in the face of the powerful, united, and long-established competitors of other nations. They realize that for them export trade must be done largely through the medium of export commission houses and export merchants. But they realize the advantages—in some cases the necessity—of their own direct representation and their own foreign organizations if they are to build up an enduring export trade. At present cooperation with the other small manufacturers is the best solution of the difficulty before them.

They desire in some instances to combine with noncompeting but complementary manufacturers to conduct joint foreign selling campaigns and establish foreign selling agencies * * *.

In other cases small producers of competing products desire to form joint exporting agencies, where such concerted action is manifestly to their mutual advantage in the promotion of export business.

At this point it is well to call attention to the fact that in many lines there is need of direct representation of manufacturers in foreign business. In some cases the export commission houses are well fitted to introduce and develop foreign trade, but in many lines of manufacture they are inferior for this purpose to the manufacturers' own agents. This is especially true of products such as many kinds of machinery, electrical supplies, and equipment, etc., which require special demonstration and installation. In general it is to be expected that a manufacturer, who has capital invested in plants and equipment and must market his output, will push the sales of his goods more vigorously than any outside party who has no such investment and whose business includes the sale of many other wares. In one case energy and effort and purpose are divided; in the other they are concentrated.

While much of the export business of smaller manufacturers will continue to be done by export houses, nevertheless direct representation will in many cases have a decided advantage. The smaller American businessmen frequently emphasize the fact that the most efficient American exporting organizations are those of a few of the great corporations, whose resources permit the maintenance of direct representation. They complain that their lack of concerted action prevents them from developing similar effective joint exporting organizations of their own and results in giving the larger American companies an undue share of the export trade.

The Commission has been strongly impressed with the effect that the doubt as to the application of the antitrust law has had in the formation of cooperative export organizations among American manufacturers and producers. There are a few such organizations, but they are nearly all among noncompetitors. Most manufacturers decline to join any such association or cooperative organization so long as there is any doubt as to its legality. This is true even of those who believe such organizations legal for export trade. It thus results that this doubt acts as

an effective preventive of the formation of cooperative export organizations among manufacturers and producers, and particularly keeps the smaller business concerns from participating in foreign trade as freely as they should (pp. 200, 201, vol. 1).

The Commission called attention to the fact that in foreign countries combinations or cartels of producers and dealers were well established; and American exporters must meet the competition of these groups:

In seeking business abroad American manufacturers and producers must meet aggressive competition from powerful foreign combinations, often international in character. In Germany, Italy, Switzerland, Holland, Sweden, Belgium, Japan, and certain other countries where policies concerning industrial combinations are quite diverse from that of the United States, businessmen are much freer to cooperate and combine than in this country. They have developed numerous comprehensive combinations, sometimes aided by their Governments, which effectually unite their activities both in domestic and foreign trade. In England and Austria-Hungary, though freedom to combine is considerably abridged under the law, important combinations have also been formed.

In Germany prior to the war there were 600 important cartels, i. e., combinations to control the market, embracing practically every industry in the Empire. Many dominated the export trade of their industries and carried on vigorous campaigns to extend their foreign business, to prevent competition among German producers in foreign markets, and to secure profitable prices. Thus the German dye-color industry operated as a unit in foreign trade under the leadership of two great groups of allied producers, the Badische group and the Höchst-Cassella, which were working under a 50-year agreement to avoid competition between themselves. The manufacture and exportation of electrical equipment has been made one of the bulwarks of German foreign trade by two great companies, the Allgemeine Elektrizitäts-Gesellschaft and the Siemens-Schuckert, working in harmony with each other, with numerous subsidiaries at home and abroad. Half of the \$150,000,000 worth of coal and coke exported annually was sold by one central selling agency maintained by the great Rheinisch-Westfälische coal syndicate, of which some of the Prussian Government mines are members, and which controlled the bulk of all the coal and coke produced in the Empire. Practically all the rapidly increasing iron and steel export business was handled respectively by the single selling agencies of the Roheisen-Verband and the Stahlwerks-Verband, the aggressive and closely connected unions of German iron and steel manufacturers. The coal and iron and steel combinations have fostered foreign business through export bounties and other means.

In France and Belgium, syndicates of iron and steel, glass, and other industries were strong factors in domestic and foreign trade. Silk-ribbon manufacturers of France and Germany conducted their export trade in accordance with a joint agreement. In Italy, Russia, Austria-Hungary, Switzerland, Sweden, Greece, Argentina, Chile, and Ecuador, central organizations unite the interests of producers in the industries characteristic of those countries, such as coal, iron and steel, agricultural machinery, oil, sulfur, superphosphates, cement, matches, chocolate, embroidery, silk goods, watches, cotton goods, condensed milk, canned fish, currants, quebracho, iodine, cacao, etc.

In Japan an export organization of textile manufacturers is rapidly obtaining the extensive cotton goods trade of North China. The trade in tea is controlled by a nation-wide "tea council." One great Japanese firm, which in itself combines manufacturing, mining, shipping, and merchandising enterprises, is rapidly extending Japanese trade in all lines throughout the Far East, and the Japanese Government is directly assisting the development of shipping, banking, and trading for foreign business.

The long-established trade in British products in many markets of the world, due to their pioneer position, the excellent representation afforded by British export houses, and the advantages of British shipping and banking facilities, have enabled their manufacturers to hold their foreign markets in many lines without such a large degree of combination as characterizes German industry. But in various important industries combinations have grown up. Thus most of the great coal export business is done by powerful organizations, combining

mine operators, marketing companies, coal shipping lines, and foreign distributing companies. This gives British coal its grip on the important South American market. British cement manufacturers are united in a strong and successful union for the extension of their overseas trade. Recently a number of large British manufacturers of machinery of all sorts have formed the Representation for British Manufacturers, Ltd., an organization to handle their business in certain important foreign markets and to carry on an aggressive campaign for its extension. Similar organizations for foreign trade are in process of formation among other British manufacturers. In the electrical, cotton textile, pottery, tobacco, wallpaper, iron and steel, and various other industries strong associations and combinations are important factors in foreign and domestic business.

It is against such organizations as these, uniting powerful groups of foreign concerns, backed by great banks, aided by railway and ship lines, and assisted by foreign governments, that hundreds of comparatively small American manufacturers and producers must compete if they engage in export trade. Moreover, in some industries such smaller manufacturers must also compete abroad with great American companies having most efficient world-wide selling organizations.

In various manufacturing industries high manufacturing costs and comparative inexperience in export trade make it extremely difficult at best for Americans to compete with foreigners for trade abroad. Therefore, meeting severe competition from powerful foreign combinations, and through dependence on foreign cables, telegraphs, banks, and ships forced to risk exposure of the secrets of their overseas business to their foreign competitors and to risk effective discrimination against their trade, American manufacturers, and especially the smaller producers, are frequently at a decisive disadvantage in export trade (pp. 4 to 7, vol. 1).

The Commission's report also stated that American exporters were in many countries selling to buying combinations or cartels:

In various markets American manufacturers and producers must deal with highly effective combinations of foreign buyers. Thus exporters of lumber find such combinations in Australia and on the continent of Europe. Cottonseed products are handled by combinations of buyers in Holland, Denmark, and Germany; and Austrian cotton-textile manufacturers have a buying combination to import their raw cotton. The Cooperative Wholesale Society, Ltd., an astonishingly comprehensive wholesale buying organization maintained by 1,400 cooperative societies in Great Britain, has one buyer in New York who annually purchases millions of dollars' worth of American products. Four London firms, known as the Fixing Board, daily set the price of silver for the world, and American mining companies must sell their silver for either the English or the great Indian market to one of these four houses. For years the copper trade of the world has been ruled by a vast German metal-buying organization centering in the Metallbank und Metallurgische Gesellschaft A. G. of Frankfurt-on-the-Main. This combination has subsidiary and affiliated companies in Germany, England, France, Spain, Switzerland, Belgium, Africa, and Australia, controls copper and lead mines and smelters in the United States, Mexico, and other countries, and works in agreement with other German metal-buying concerns.

These combinations naturally make individual American producers bid against each other, and are thus able to buy at comparatively low prices. According to the president of one of the largest American copper companies, the German metal-buying combination, by such tactics as these and by the manipulation of the foreign future markets, has bought millions of tons of American copper at prices averaging, over a series of years, nearly a cent a pound below the prices paid by American consumers (p. 7, vol. 1).

The advantages of cooperation in American export trade were stated:

If Americans are to enter the markets of the world on more nearly equal terms with their organized competitors and their organized customers, and if small American producers and manufacturers are to engage in export trade on profitable terms, they must be free to unite their efforts.

Without any export organization, foodstuffs and raw materials can readily be sold at some price, but to avoid needless expense in distribution, to meet

formidable foreign buying organizations, and to insure profitable export prices, cooperation among American producers of such commodities is desirable.

In the sale of factory products, cooperation is even more desirable. Such goods must be advertised, demonstrated, and a market created abroad, often in the face of the keenest competition from great combinations of foreign manufacturers. Obviously only strong organizations can undertake this contest. If groups of American manufacturers and producers, either of competing or of noncompeting goods, can combine their efforts, they can share the cost of developing new markets, establish themselves firmly, extend credit more readily to foreign customers, and compete more successfully with foreign syndicates and cartels (p. 8, vol. 1).

There are relatively few manufacturing corporations in the United States whose foreign trade is more than a small fraction of their domestic trade. By securing a broader market for his output the American manufacturer should not only, through enlarging the capacity of his works, be enabled to produce at a lower cost per unit, but there would also be an increased employment of labor. Furthermore, greater stability would be promoted in many of the industries. With a broader market, periods of local industrial depression have less effect on the business of the manufacturer. In some industries there are wide differences between the different countries in the seasonal character of their demand. For example, in the United States in the wintertime the use of Portland cement falls off, and as a result the manufacture is curtailed during those months. This, however, is summertime in Argentina and Chile, when building activity is at its height. Could those markets be secured for American cement the cement producers would have a better opportunity to steady their production, keep their workmen more regularly employed, and lower their operating costs by manufacturing and exporting their product during the dull domestic season. At the time when summer is coming on in the United States, and the demand for coal is declining, the South American winter is just beginning. What is true of the seasonal fluctuation of demand in cement and coal also applies to various other commodities (pp. 23, 24, vol. 1).

The Commission's recommendations to Congress are summarized on the last pages of the 1916 report:

SECTION 3.—Recommendations of the Commission.—The Commission believes that American exporters should be enabled to compete in foreign markets on more nearly equal terms with foreign competitors. It also believes that the smaller manufacturers and producers, so far as they desire, should be enabled to share in such foreign business. It is convinced that for these purposes cooperation in export trade should be permitted. It knows that doubt as to the application of the antitrust laws now prevents any marked development of such cooperation. It does not believe that Congress intended by the antitrust laws to prevent Americans from cooperating in export trade for the purpose of competing effectively with foreigners where such cooperation does not restrain trade within the United States and where no effort is made to hinder American competitors from freely engaging in export trade. It is not reasonable to suppose that Congress meant to obstruct the development of foreign commerce by forbidding the use in export trade of methods of organization which do not operate to the prejudice of the American public, which are lawful in the countries where the trade is to be carried on, and which are necessary if greater equality of opportunity is to be afforded Americans in meeting foreign competitors. The Commission, therefore, respectfully recommends that Congress enact declaratory and permissive legislation to remove the present doubt as to the law and to establish clearly the legality of such cooperation.

The Commission is aware that certain dangers may arise from the development of cooperative export organizations. As has been pointed out, there are two chief dangers: First, they may be used to exploit consumers in the home market; and, second, they may be used unfairly against individual American concerns in export trade that are not members of the organizations. These dangers must be provided against fully, and the Commission is confident that this can be done without sacrificing any of the essential advantages of concerted action and without altering the fundamental policy of the antitrust laws or interfering with their enforcement.

As safeguards against the dangers of such organizations it is recommended

specifically that the kind of cooperative associations or organizations permitted be clearly defined; that they be restricted solely to export business as distinguished from domestic business; that they be limited to the activities of selling goods as distinguished from their production or manufacture; and that the term "export trade" be defined to mean solely trade or commerce in goods, wares, or merchandise exported and be specifically stated not to include the production or manufacture of such goods, wares, or merchandise or any act in their production or manufacture. It is also recommended that as a condition precedent to enjoying the benefit of such legislation every such cooperative organization be required, under penalty, to file promptly with the Federal Trade Commission a written statement setting forth the essential facts concerning its organization, such as name, location of its offices and places of business, names and addresses of its officers and stockholders or members, and a copy of its articles of incorporation and bylaws, if incorporated, or a copy of its articles of contract or association, if unincorporated. The Commission has the authority now to require such reports, but it should not be burdened with the work of discovering such organizations and requesting information from them. The burden of furnishing the required facts as to their organization should rest upon those who expect to enjoy the benefit of this law. Having these facts before it, the Commission could then use the power it already has to require other reports in such detail as may be necessary to inform it fully of the activities of such cooperative bodies and to place it in a position to take such action as the public interest might require.

It is also recommended, in order that there may be no possible doubt about the law, that the prohibitions concerning the use of unfair methods of competition contained in the Federal Trade Commission Act be specifically extended to apply to export trade, even though the acts constituting such unfair methods be done outside of the territorial jurisdiction of the United States.

Restrictions and safeguards of these kinds have been suggested and advised by the great majority of the thousands of businessmen reached by the Commission in its study. Manufacturers generally express no wish to attempt to use such organizations to exploit the market at home, but indicate their desire to see any such attempt guarded against. Moreover, numerous manufacturers state that, owing to the nature of their products, or to the fact that they are already well established in foreign markets, they themselves would not care to join cooperative export organizations but that they realize their value for many other lines and are in favor of them. They merely ask that they themselves be assured against unfair methods of competition from such organizations. The businessmen who have expressed opposition to such restrictive safeguards are relatively few.

In making these recommendations the Commission does not intend to intimate that there should be any change in the present policy of this Government to prevent combinations in restraint of trade in domestic business and to insist upon fair competition in such business.

The Commission is confident that the enactment of such legislation as that outlined above will permit the development of the cooperative organization which must take place if the manufacturers and producers of the United States are to compete with foreigners on more equal terms in export trade. It is also confident that this essential development can be obtained without harmful effects on the domestic market and without prejudice to the interests of American concerns which conduct their export business outside of any combination (pp. 379-381, vol. 1).

DEBATES IN CONGRESS, HEARINGS, AND COMMITTEE REPORTS

Bills were introduced in Congress by Senator Atlee Pomerene and Congressman Edwin Y. Webb (the act is therefore referred to as the Webb-Pomerene law), and were considered by congressional committees and debates in Congress in 1916, 1917, and 1918, finally becoming a law in April 1918. They were endorsed, not only by the Federal Trade Commission but also by President Wilson, Secretary of Commerce Redfield, numerous trade organizations such as the National Foreign Trade Council, American Manufacturers Export Association,

and the chambers of commerce; and also by representatives of the various industries.⁴

THE LAW AS PASSED ON APRIL 10, 1918

The law as passed on April 10, 1918,⁵ is entitled "An Act to Promote Export Trade and for Other Purposes."

Section 1 defines the words "export trade," "trade within the United States," and "association" wherever used in the act. Especial care was taken in defining export trade:

the words "export trade" wherever used in this act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported, from the United States or any Territory thereof to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

The bill H. R. 17350, as first drafted, and as recommended by the House Committee on the Judiciary in 1916, provided that—

the words "export trade" shall not be deemed to include the production or manufacture within the United States or any Territory thereof of such goods, wares, or merchandise, or any act in the course of such production or manufacture.

To this was added by amendment the words "trading in or marketing" so that the bill as passed by the House on September 2, 1916, read:

the words "export trade" shall not be deemed to include the production, manufacture, trading in, or marketing within the United States or any Territory thereof of such goods, wares, or merchandise, or any act in the course of such production or manufacture.

This was objected to by the Federal Trade Commission and others. In its annual report to Congress in 1916 the Commission said:

In order to permit cooperation only with respect to export trade, the term "export trade" was originally carefully defined to exclude the production or manufacture of goods within the United States, but the amendment made it also exclude "trading in or marketing" such goods within the United States.

* * * Obviously a successful cooperative export organization would, in most cases, be obliged to purchase goods in the United States and therefore to trade in them.⁶

This clause "trading in or marketing" was therefore deleted from the bill, and the clause "or selling for consumption or for resale" was

⁴ H. R. 16707, Congressman Webb, 64th Cong., 1st sess., 1916. H. R. 17350, Congressman Webb, 64th Cong., 2d sess., 1916. H. R. 2316, Congressman Webb, 65th Cong. (same as S. 634, Senator Pomerene), passed both Houses, signed in 1918. Hearings before House Committee on the Judiciary on H. R. 16707 and copy of bill and report, serial 48, 64th Cong., 1st sess., July 1916, 85 pp. Hearings before Senate Committee on Interstate Commerce, 64th Cong., 2d sess., on H. R. 17350, January 1917, 156 pp. Rept. No. 1118, 64th Cong., 1st sess., House Committee on the Judiciary, to accompany H. R. 17350, August 15, 1916, 4 pp. Rept. No. 1056, 64th Cong., 2d sess., Senate Committee on Interstate Commerce, to accompany H. R. 17350, February 14, 1917, 4 pp. Rept. No. 9, 65th Cong., 1st sess., to accompany S. 634, Senate Committee on Interstate Commerce, April 16, 1917, 4 pp. Rept. No. 50, 65th Cong., 1st sess., to accompany H. R. 2316, House Committee on the Judiciary, May 11, 1917, 10 pp. Rept. No. 109, 65th Cong., 1st sess., Senate Committee on Interstate Commerce, to accompany H. R. 2316, August 15, 1917, 4 pp. House of Representatives Rept. No. 468, 65th Cong., 2d sess., conference report to accompany H. R. 2316, April 5, 1918. Debates, 64th Cong., June, August, and September 1916; 65th Cong., May, June, September, and December 1917, January and April 1918.

⁵ 40 Stat. 516, text in appendix 1 herewith.

⁶ Annual Rept. of the Federal Trade Commission, 1916, pp. 35, 36.

substituted therefor. This is explained by the Senate Committee on Interstate Commerce, in its report on February 14, 1917:⁷

All seem to agree that export trade should not include production and manufacture. The words "trading in or marketing" would permit these associations to compete in the home markets where combinations in restraint of trade are forbidden. We substitute for this phrase the words "selling for consumption," so that this part of the text will read "The words 'export trade' shall not be deemed to include the production, manufacture, or selling for consumption within the United States," etc. We desire, of course, to authorize associations for the sole purpose of selling abroad. In order to do this, they must have the right to acquire or buy within the United States and the right to sell within the United States for the foreign market, but in view of the settled domestic policy of the United States under the Sherman law, clearly these associations should not be permitted to organize for the purpose of making sales abroad and use their organizations to sell for consumption within the United States.

The word "association" is specifically defined in section 1 of the act as:

any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

Section 2 of the act provides that nothing contained in the Sherman Act:

shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: *And provided further*, That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

This section, too, was changed somewhat before the law was passed. The proviso clause as originally drafted was:

provided such association, agreement, or act is not in restraint of trade within the United States.

To this was added by amendment in the House in 1916:
and does not restrain the export trade of the United States.

But this amendment was objected to. The Commission said, in its annual report to Congress in 1916:⁸

two amendments were made to the bill during the debate which seem to give a basis for legal construction which might entirely nullify this purpose.

The first amendment referred to was made in the first section of the bill. * * *

The second amendment referred to is found in the second section. This originally granted the right of cooperative association for export trade, provided such association did not involve "restraint of trade within the United States." But the amendment added a further proviso, namely, "and does not restrain the export trade of the United States." * * * The Commission is of the opinion that these provisions of the bill would not change the present law. But the very purpose of the bill was to clarify the law, while this amendment presents the same question of construction as the existing law. The law, therefore, would be neither changed nor clarified if the bill were enacted in the form in which it was passed by the House. Therefore the businessman who is deterred from engaging in cooperative action in export trade by fear and doubt concerning antitrust laws would be left in exactly the same position as before.

⁷ Senate Rept. No. 1056, 64th Cong., 2d sess., February 14, 1917, p. 2.

⁸ Annual Rept. of the Federal Trade Commission, 1916, pp. 35, 36.

The Senate Committee on Interstate Commerce, in its report on February 14, 1917, recommended deletion of the words "and does not restrain the export trade of the United States," and insertion of the clause "and is not in restraint of the export trade of any domestic competitor of such association: And provided further * * *" as the law was finally passed. The committee's report stated:

As presented to us, this section provides that the Sherman law shall not be construed so as to make illegal an association entered into for the sole purpose of engaging in export trade, and actively engaged solely in export trade or any agreement made or act done in the course of export trade by such association. This section then provides that "these associations or agents shall not be in restraint of trade within the United States, and shall not restrain the export trade of the United States." Of course, we do not want to restrain trade within the United States as the first clause of the language quoted provides.

Reduced to its final analysis, this section attempts to give the right to enter into associations, make agreements, and do acts in restraint of export trade, while the second clause quoted takes away this right. To avoid the effect of the last clause, and at the same time to secure the purpose of this act in the interests of our foreign trade, the committee suggests the striking out of the last clause and inserting after the words "United States" on line 19, page 2, the amendment as written above. By this change the committee aims to place three limitations upon these associations, their acts and agreements:

(a) The authority hereby conferred should not result in the restraint of trade within the United States which is clearly prohibited by the Sherman law.

(b) While the purpose of the bill is to increase our foreign trade, it should not result in destroying the business of other companies, associations, or individuals who may be engaged in the foreign trade. The purpose is to increase and improve this trade, not to injure it.

(c) While we realize that any sales in foreign commerce may incidentally and temporarily result in the increase in prices of the same articles to home consumers, these associations ought not to be permitted to so conduct their affairs as to artificially or intentionally and unduly enhance prices of the commodities in which they are dealing to the home consumer.⁹

Section 3 of the act states that nothing in the Clayton Act—

shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

Section 4 provides that the Federal Trade Commission Act shall be construed as—

extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

Section 4 cases have been brought under section 5 of the Federal Trade Commission Act, as extended by section 4 of the Export Trade Act, and have not involved operation of the Webb law associations.¹⁰

Section 5 provides for the filing of papers with the Federal Trade Commission, including copies of the organization papers, a first report¹¹ setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members; an annual report¹²; and also—

such information as the Commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals.

⁹ Senate Rept. No. 1056, 64th Cong., 2d sess., February 14, 1917, pp. 2, 3.

¹⁰ Docket Nos. 274, 792, 820, 1044, 1203, 1216, 1238, 1276, 1481, 1878, 1969, 2484.

¹¹ See exhibit 4 herewith.

¹² See exhibit 5 herewith.

The bill as first drafted provided for the filing of "all contracts, agreements, and understandings had with any foreign or domestic association in regard to the conduct of or practices in foreign trade." This was deleted and the clause quoted above as to "such information as the Commission may require" was substituted therefor.

Section 5 provides further for procedure by the Commission whenever it shall have reason to believe that the law has been violated. The Commission shall summon the association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If the association fails to comply with the recommendations, the Commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper. For the purpose of enforcing these provisions, the Commission has all the powers, so far as applicable, given to it in the Federal Trade Commission Act.

Under section 5, the Commission has required reports and data; it has made field calls at association offices; and it has conducted a number of inquiries into the operation of the Webb law groups. Informal advice has been given on numerous questions. The only formal summons and recommendations issued are those in the case of the Pacific Forest Industries, on January 27, 1940, which will be hereinafter discussed.

ADMINISTRATION OF THE LAW

1918-27—THE EXPORT TRADE DIVISION—FOREIGN TRADE SERIES NO. 1 IN
1919—PROPOSED AMENDMENT TO THE LAW IN 1921—THE SILVER LETTER
IN 1924—PROPOSED AMENDMENT TO PERMIT IMPORT COMBINES, INTRO-
DUCED IN 1924 (REJECTED IN 1928)

The Export Trade Division was created within the Commission in 1918 to handle the foreign-trade work.

In 1919 the Commission published a 13-page pamphlet entitled "Foreign Trade Series No. 1—Discussion of Practice and Procedure under the Export Trade Act (Webb-Pomerene law)"¹ which included text of the law, a brief discussion of practice, and a list of associations at that time filing papers (some of these companies were soon thereafter stricken from the list because it was found that they were not solely engaged in exporting). Some excerpts from this pamphlet may be of interest:

The very numerous requests for copies of the Export Trade Act (Webb-Pomerene law) and the large number of inquiries about it call for the publication of a separate pamphlet by this Commission for the information of those desiring to cooperate in the development of our foreign trade through associations formed under that act.

In several instances suggestions have been made as to modifications of proposed articles of incorporation, already filed, in order that these associations may clearly come within the provisions of the act. The Commission is authorized by this law to make recommendations as to how export associations may conform their business to the law, and, within its powers, it proposes to advance step by step in aid of the export needs of the country. It desires to constantly work in cooperation with those who form export associations and also with those who may consider themselves or the public in any way injuriously affected by the methods and practices of such associations.

Where doubt exists as to whether a given method or practice is proper or not, it would seem advisable that the matter be voluntarily presented to the Commission in the early stages, without awaiting its later discovery and possible correction. The second paragraph of section 5 of the Webb Act describes the few formalities as to such procedure.

* * * * *

Numerous requests have been received by the Commission for rulings upon the construction of the Export Trade Act. It has been deemed inadvisable to attempt at this time to officially construe any of the provisions of the law upon informal applications. This is especially true, as the penalty for the violation of section 5 of the act is enforceable by the district attorneys of the United States under the direction of the Attorney General, and not by the Federal Trade Commission, and the enforcement of the Sherman law is a duty of the Federal courts upon proceedings instituted by the Department of Justice.

It is exceedingly important that export associations in process of formation should give careful consideration to the wording of sections 2 and 3 of the Export Trade Act. As to the statements which have been filed with the Export Trade Division under section 5 of this act, it has been noted that practically every corporation formed has been organized for the transaction of some business other than that of solely engaging in exporting from the United States to foreign nations as defined in the act.

¹ This pamphlet is out of print, but one copy is herewith transmitted as exhibit 6.

Most of the articles of association filed have also contemplated the transaction of business other than that of exporting to foreign nations. It is apparent under the law that the provisions of the Sherman law and section 7 of the Clayton law remain applicable as to all combinations which are not organized solely for the business of exporting to foreign nations. The business of exporting to the Philippine Islands, to Puerto Rico, or to Hawaii seems clearly to be domestic and not foreign trade, and the provisions of the Sherman law and section 7 of the Clayton law seem to continue in force as to any association or export corporation which engages in such business.

One of the difficulties which exporting houses seem to find with the law is that export companies usually both export and import, while the law provides that its protection is given to associations entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade.

Due to the facts that the business of the country is devoting its thought to war production, and that there is a lack of shipping facilities, general plans for cooperation in export trade are probably now in suspense or only in a formative state. This is indicated by the very small number of association papers which have been filed with the Commission since the passage of the act on April 10, 1918.

* * * * *

The Commission is keeping informed as to the export needs of the country in order to be of assistance so that American producers may cooperate to the fullest extent in export fields, without injuriously affecting domestic commerce, or the foreign commerce of those exporters who are associated with export-trade associations.

Progress has been made in the preparation of an additional report on foreign-trade conditions under section 6, clause H, of the Federal Trade Commission act, reading as follows:

SEC. 6. That the Commission shall also have power—

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

The world-wide dislocation of trade and industry incident to the war is creating new conditions which may vitally affect American business in the future. The Commission is closely following new developments in international trade, as they arise, with a view to ascertaining the bearing they may have on the foreign trade of the United States.

In 1921 a bill was offered in Congress which would have amended the law.² The text was as follows:

To amend an Act entitled "An Act to promote export trade, and for other purposes," approved April 10, 1918.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to promote export trade, and for other purposes," approved April 10, 1918, be, and the same is hereby, amended by adding at the end of section 5 of said Act the following: "An association shall be deemed to be engaged in export trade for the purpose of this Act if it shall promote agreements among its members as to the prices and terms which shall govern the sale of their products to foreign customers, engage in trade promotion abroad, transmit to its members inquiries or orders received from foreign customers for the purchase of their products, agree as to terms of credit and as to the allowance or refusal of credit or of sales to foreign customers, and generally promote such agreements and understandings among its members as are necessary to protect them from hurtful combinations and practices of foreign competitors or customers."

This bill was referred to the Senate Committee on Interstate Commerce, but was never acted upon by the Senate.

A history of Webb-Pomerene law operation would be incomplete without mention of the Silver letter because this announced a change in the operation of some of the export groups. During the first years of operation, the associations formed were selling agencies, actually

² S. 2683, 67th Cong., 1st sess., introduced by Senator Fletcher, November 4, 1921.

taking orders and negotiating export sales for their members. After issuance of the Silver letter, some associations were formed under which the member companies retained their own sales offices and agents under association direction. This new type of organization was attractive to a group in which the members had already established export departments or companies and did not wish to abolish them and substitute a central sales bureau.

On November 22, 1923, the silver producers addressed an inquiry to the Secretary of Commerce presenting a number of hypothetical questions. This was referred to the Federal Trade Commission and on July 31, 1924, the Commission replied to the silver producers in a letter which was published in a news release dated August 6, 1924:

FEDERAL TRADE COMMISSION

WASHINGTON

For release in morning newspapers of Wednesday, August 6, 1924.

The Federal Trade Commission today published the following letter to a committee of silver producers of the United States in which the Commission interprets the Webb-Pomerene Export Trade Act in response to certain queries propounded by the silver producers. The questions of the silver producers were prompted by the contemplated formation by them of an export association. Commissioners Thompson and Nugent are not in accord with the Commission's action.

JULY 31, 1924.

MY DEAR MR. KELLEY: In the Federal Trade Commission's letter of April 18, 1924, a committee of silver producers of the United States was informed that the Commission by reason of a then existing vacancy in its membership was unable to act by a majority upon certain questions propounded by the silver producers' committee in their communication of November 22, 1923, to the Secretary of Commerce in regard to the proposed formation of an association under the Export Trade Act (Webb-Pomerene Act) and the rights and powers of such an association. As the administration of this act is lodged with the Federal Trade Commission, the committee's communication was referred here by the Secretary of Commerce on December 13, 1923.

The vacancy on the Commission having been filled, and representations having recently been made to the Commission from which it appears that an emergency situation exists in the industry by reason of the meeting of the American Silver Producers Association to be held in Salt Lake City on August 6 next, and the desire of that association and of Senators who are members of the Senate Gold and Silver Commission, who will attend this meeting, that the decision of the Federal Trade Commission upon the queries submitted by the silver producers be available prior to the meeting, it is the view of the members of the Commission now sitting, which members constitute a majority, that it is not only proper but highly desirable that the Commission act in this matter.

Therefore, in view of an emergency situation a majority of the Commission, consisting of Commissioners Van Fleet, Gaskill, and Hunt, have acted and have agreed upon a reply to the communication of November 22, 1923, from the Committee of Silver Producers of the United States. Commissioners Thompson and Nugent, who are absent from the city at this time, have heretofore considered the matter and do not agree with the majority. The reply of the majority follows:

It seems to be open under the terms of the act, for those who desire to form an association under its provisions, to file with the Federal Trade Commission the declarations referred to in section 5 of the Webb-Pomerene Act. The preliminary assent of the Commission to export association existence and activity under the act is not required. Effort was made at the time the act was passed to include in it the following amendment:

"Before any association shall engage in business under this act it shall secure from the Federal Trade Commission a permit to engage in such business, and said Commission is authorized to issue such permits and may, in its discretion, refuse a permit to any association, and may, after hearing, cancel any permit issued."

The omission of this amendment, together with the clear import of the act as passed, indicates that the action of the Commission toward export associations is corrective of action taken rather than a limitation upon the entry into action.

The Federal Trade Commission is, however, given control over the action of export trade associations, as will appear by section 5 of the act.

"SEC. 5. Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States, or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If such association fails to comply with the recommendations of the Federal Trade Commission, said Commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper."

It is entirely proper, therefore, that the Commission should, when called upon in advance of the formation of an export trade association, indicate that proposed lines of conduct would in its opinion, when carried into actual operation, invite the corrective attention of the Commission. But the Commission cannot assume the results of an indicated course of conduct. As appears from the statute itself, the test of legality lies in result in most instances rather than in the form or method pursued. The Commission cannot always make a precise statement under these circumstances.

You will understand, therefore, that any preliminary expression is advisory only and that the committee which you represent is thereby in no way precluded from asserting any method of coordinate action which you believe to be within the intent and spirit of the act. If your views should differ from those of the Commission and the results accomplished should in its judgment fall within the scope of the prohibitions of the act, it would become the duty of the Commission to proceed to a determination of the issues involved in the manner provided by the act itself.

You ask:

"1. Do provisions of the Webb-Pomerene Act limit persons (natural or corporate) who may enter into such an association, to citizens of the United States or corporations formed under the laws of the United States or some State thereof?"

It seems that this question should be answered in the affirmative, with possibly certain explanations. The Congress of the United States legislates with reference to the citizens of the United States and its sovereignty. Within the sovereignty of the United States are many who are not its citizens, but who are governed by its laws. The laws of the United States, therefore, are applicable to citizens of the United States, to those who are not citizens of the United States but are residents thereof, and to corporations formed under the laws of the United States or of some State within the United States.

It might be added that there is nothing in the act which prevents an association formed under it from entering into any cooperative relationship with a foreign corporation for the sole purpose of operation in a foreign market. The only test of legality in such an arrangement would be the effect upon domestic conditions within the United States.

You ask:

"2. Is the export product that may be disposed of by such an association limited to productions originating in and exported directly from ports of the United States, or does it also include products originating outside the United States, but thereafter imported into the United States and from thence exported to foreign markets directly from ports of the United States?"

The act is silent on this subject. In the absence of an indication to the contrary expressed in the act, the word "export" is assumed to include only domestic products and not the objects of import which form the basis of a subsequent export movement.

"2-a. Is the export product that may be disposed of by such an association limited to a product which is shipped from the United States, or may it also embrace a product of a member of the association produced outside of the United States, and shipped direct to a foreign port, without first entering the United States?"

It is difficult to see how shipment from a foreign port to a foreign port could be regarded as export from the United States. The first impression would be that such conduct would not come within the scope of the act.

You ask:

"3. Can a valid trade agreement be entered into between such export association (a) between nationals engaged in the production and exporting of commodities of commerce outside the United States, but whose product would reach the same foreign market as the product of the export association exporting such product direct from the United States; and (b) nonnationals engaged in the production and exporting of commodities outside the United States, but whose product would reach the same foreign market as the product of the export association exporting such product direct from the United States?"

The purpose of the act seems to have been to provide a method for eliminating competition in foreign markets among domestic producers. As stated above, there seems to be no reason why a Webb-Pomerene association composed of nationals or residents of the United States and actually exporting from the United States, might not adopt a trade arrangement with nonnationals reaching the same market, providing this market was not the domestic market of the United States and the action of this organization did not reflect unlawfully upon domestic conditions. It does not seem, however, that nationals and nonnationals who are also nonresidents, might unite within the Webb-Pomerene association itself.

You ask:

"4. Must an export association under the act perform all the operations of selling its members' product to the foreign buyer, or does the word 'commerce' in the act mean that an export association complies with the act if it is solely engaged in allotting export orders among its members, or in fixing the prices at which its individual members shall sell any export trade, or in performing any one or more of the other operations comprised in the complete chain of operations that constitute selling and export trade under the general trade agreement that deals solely with export trade and as filed with the Federal Trade Commission, in accordance with the terms of the act?"

The act does not require that the association shall perform all the operations of selling its members' product to a foreign buyer. The limitation upon the methods of operation is to be found in the words: "in the course of export." The Commission has recently passed upon the conduct of an association which does not itself export, but which performs a price-fixing function and an allocation of business, and sells at the wharf to others than the association, who conduct the export movement from that point. The position which the Commission takes is that the consummation of a sale within the United States if the product sold is intended for and actually is marked for and enters into export trade, is in the course of export within the meaning of the act. It would seem, therefore, that an association may without necessarily involving conflict with the act, engage in allotting export orders among its members and in fixing prices at which the individual members shall sell in export trade.

The law provides two tests: One, that the conduct shall be in export or in the course of export. The second, that the conduct shall not be in restraint of trade within the United States, shall not restrain the export trade of any domestic competitor, and shall not artificially enhance prices or lessen competition within the United States, or otherwise restrain trade therein. The application of the second group of tests, of course, is dependent upon the results of conduct which cannot be forecast, at least by the Commission.

It may be noted that the papers filed by several associations show that the actual export and sale in foreign markets is conducted by the individual members.

You ask:

"5. Does the prohibition of the above act against affecting domestic commerce, extend to and include a consequential rise in price in the domestic market through the better organized control of the foreign markets and the broadening of export trade; or is such prohibition limited to acts which intentionally or directly are committed to advance the domestic price or restrain trade through an operation conducted merely in the guise of an export association?"

It was not within the purview of this act that the operations of a Webb-Pomerene association should become a device for betterment of a domestic market. Its sole purpose was the lessening of competition between domestic exporters in the foreign markets. It is exceedingly difficult to distinguish between a betterment of the domestic market expressed in a rising domestic price which is the result of the proper coordination of export to domestic consumption and a similar movement directed to the domestic market in which this result is directly and primarily intended through an adjustment of competitive relations in a foreign market. The law prohibits monopolistic effort of interference with competition by concerted action in the guise of a production of benefit to the public. It has been repeatedly stated that a beneficent purpose will not legalize conduct otherwise unlawful. The mere fact that there was a rising price in the domestic market would not be a controlling element. It is perfectly apparent that the proper adjustment of distribution may result in an increase in price in a glutted market and a decrease in price in one which is insufficiently supplied. Manifestly the arrangement must be devoid of any concerted curtailment of production or withdrawal from the domestic market of any part of its normal supply. It is well understood that an incidental or inconsequential effect upon domestic prices is not unlawful. If a merely consequential rise in price should bar American exporters from using this statute, the statute might become a nullity. The statute provides for a lawful course of procedure, and if this procedure is followed and the statute complied with, merely indirect or consequential results cannot be held to be against the law. It is well settled, under the Sherman Act, that a contract which "only incidentally or indirectly restricts competition is not denounced by the act."

By direction of the Commission:

VERNON W. VAN FLEET,
Acting Chairman.

MR. C. F. KELLEY,
Silver Producers' Committee,
Room 1801, 25 Broadway, New York City.

In 1924 a bill was introduced in the Senate³ that would have permitted the formation of import combines to engage in cooperative purchasing of "raw commodities which are produced principally in foreign countries." The Webb-Pomerene law was not mentioned, but administration was to be given to the Federal Trade Commission. The same bill was introduced by Senator Capper in 1925.⁴ In December 1925 a House resolution introduced by Congressman Tilson⁵ recommended an investigation by the House Committee on Interstate and Foreign Commerce, as to the "means and methods of the control of production and exportation of crude rubber, coffee, silk, nitrates, potash, quinine, iodine, tin, sisal, quicksilver, and other important raw materials;" this was favorably recommended by the House Committee on Rules.⁶ Hearings on the resolution were conducted by the House Committee on Interstate and Foreign Commerce in January 1926.⁷ The committee's preliminary report was issued in March 1926.⁸

As a result of this inquiry, two bills were introduced in Congress in 1928,⁹ which would have amended the Webb-Pomerene law to permit

³ S. 2843, 68th Cong., 1st sess., introduced by Senator Capper on March 14, 1924, and referred to the Committee on Commerce.

⁴ S. 1799, 69th Cong., 1st sess., introduced by Senator Capper on December 17, 1925, and referred to the Committee on Commerce.

⁵ H. Res. 58, 69th Cong., 1st sess., introduced by Congressman Tilson, December 18, 1925, referred to the Committee on Rules.

⁶ Rept. No. 24, House of Representatives, 69th Cong., 1st sess., December 19, 1925, 1 p.

⁷ Hearings before the Committee on Interstate and Foreign Commerce, House of Representatives, 69th Cong., 1st sess., on H. Res. 59, January 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, and 22, 1926, published in 1926, 373 pp.

⁸ Rept. No. 555, House of Representatives, 69th Cong., 1st sess., March 13, 1926, 23 pp.

⁹ S. 2312, 70th Cong., 1st sess., introduced by Senator Jones, January 9, 1928, and referred to the Senate Committee on Commerce; and H. R. 8927, 70th Cong., 1st sess., introduced by Congressman Newton on the same date, referred to the House Committee on the Judiciary.

combines for importation of crude rubber, potash, sisal, or "other raw materials, or products of nature in a crude or unfinished state which are certified by the Secretary of Commerce to be of a character not made, produced, or grown in substantial quantities within the United States, or to be controlled by any foreign government, combination, or monopoly." Such import combines would have been required to file papers with the Federal Trade Commission and to operate under the Commission's supervision on terms similar to those in effect for export combines. The Export Trade Act was completely redrafted in the bill, to include the new provisions. Hearings were held on H. R. 8927 by the House Committee on the Judiciary in January 1928.¹⁰ The committee submitted a report in February 1928¹¹ to the effect—

that the bill do not pass at this time. The sponsors of the bill should give the problem further study so as to write into the law the conditions of resale of such material, specifying such factors and charges which may properly be added to the original cost of the raw material involved.

An amended bill was then submitted by Congressman Newton, still numbered H. R. 8927, and in March 1928 a House resolution¹² brought the bill up for debate. The Committee on Rules approved the resolution.¹³ The bill was debated in the House in April 1928.¹⁴ On April 4, however, the day before the debates began, the British Prime Minister stated in the House of Commons that the British rubber restrictions would be removed on November 1 of that year. This eliminated one of the principal reasons for passage of the bill, since without restriction the price of crude rubber would be lowered. The bill was therefore rejected by the House on April 6, 1928; it was not acted upon in the Senate.

1927-40—THE EXPORT TRADE SECTION—FOREIGN TRADE SERIES NO. 2, 1935—
PACIFIC FOREST INDUSTRIES, RECOMMENDATIONS, 1940

On July 1, 1927, the Export Trade Division became the Export Trade Section under the chief counsel's office of the Commission.¹⁵

In October 1935 the Commission issued a 23-page pamphlet entitled "Foreign Trade Series No. 2—Practice and Procedure Under the Export Trade Act (Webb-Pomerene law)"¹⁶ which discussed purpose of the law, provisions of the act, filing of papers with the Commission, Webb law organization and operation, advantages obtained by Webb law groups, products exported, and a list of associations formed during the period 1918-35. This pamphlet is still in active use by associations organizing and operating under the law; the text is available, and need not be repeated here.

On January 27, 1940, the Commission issued recommendations for the readjustment of the business of Pacific Forest Industries, an export trade association, under section 5 of the act. A hearing was held on this case on September 12, 1939, investigation was made, briefs

¹⁰ Hearings before the Committee on the Judiciary, House of Representatives, 70th Cong., 1st sess., on H. R. 8927, January 19, 1928, serial 3, published in 1928.

¹¹ Rept. No. 689, House of Representatives, 70th Cong., 1st sess., presented by Congressman Dyer from the Committee on the Judiciary, February 15, 1928, 9 pp.

¹² H. Res. 140, 70th Cong., 1st sess., introduced by Congressman Michener, March 17, 1928.

¹³ Rept. No. 1058, House of Representatives, 70th Cong., 1st sess., March 27, 1928.

¹⁴ Congressional Record, debates on April 5 and 6, 1928, the bill rejected on April 6, and further speeches and data presented with the issues of April 9, 12, and 19, 1928.

¹⁵ News release issued by the Federal Trade Commission, May 31, 1927.

¹⁶ See exhibit 7 herewith

and other data were filed. This was the first formal action taken under section 5 of the law. Text of the recommendation follows:

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

At a regular session of the Federal Trade Commission, held at its office in the city of Washington, D. C., on the 27th day of January, A. D. 1940

COMMISSIONERS: Ewin L. Davis, Chairman; Garland S. Ferguson; Charles H. March; William A. Ayres; Robert E. Freer. Ap. 1 13889

RECOMMENDATIONS FOR THE READJUSTMENT OF THE BUSINESS OF PACIFIC FOREST INDUSTRIES, AN EXPORT TRADE ASSOCIATION

To: Pacific Forest Industries, a cooperative association organized under the laws of the State of Washington, with principal office and place of business at Tacoma, Wash., and its several members:

The Federal Trade Commission, having reason to believe that Pacific Forest Industries, an association engaged in export trade (as "association" and "export trade" are defined in the act of Congress known as the Export Trade Act, approved April 10, 1918), and certain of its agreements and acts were in restraint of the export trade of domestic competitors of said association, summoned said association, its officers and agents, to appear before it on the 12th day of September 1939 as provided by section 5 of said Export Trade Act. Said association having duly appeared before the Commission pursuant to said summons and a hearing and investigation into the alleged violations of law having been conducted by the Commission, and oral and written statements and arguments and briefs having been presented by said association, and the Commission having concluded upon such investigation that the antitrust laws have been violated by said association in that said association and certain agreements made and acts done by it have been and are in restraint of the export trade of its domestic competitors, to wit, other American exporters engaged in purchasing, transporting, and selling Douglas fir plywood in export trade,

Now, THEREFORE, pursuant to the provisions of said Export Trade Act and by virtue of the authority conferred upon it by said act, the Federal Trade Commission hereby makes to said Pacific Forest Industries and its several members the following recommendations for the readjustment of its business in order that it may hereafter maintain its organization and management and conduct its business in accordance with law:

1. That Pacific Forest Industries shall not, by its bylaws, contracts with members or associate members, or otherwise, prohibit its members or associate members from selling plywood directly to American exporters.
2. Section XVI of the present bylaws of Pacific Forest Industries provides that "the several members agree to * * * turn over to the association, as and when received, all future orders for export; * * *. The members agree not to accept any future export orders, but to transmit and turn the same over to the association." Contracts between Pacific Forest Industries and associate member plywood mills provide that the associate member "will not sell or offer for sale directly or indirectly any plywood for export, except through said association." Said bylaws and contracts, and any other existing bylaws, contracts, or agreements to the same effect, should be rescinded or amended so as to permit members and associate members of said association to accept and fill orders for plywood for export received by them, respectively, from American exporters without reference to or approval by the association.
3. That Pacific Forest Industries shall not impose any penalties, forfeitures, or charges upon sales of plywood by its members or associate members to American exporters, or fix or prescribe prices, terms, or conditions of sales to or by American exporters of plywood produced by its members, or take any other action designed to prevent or restrict such sales.
4. That Pacific Forest Industries cease and desist from advertising in foreign countries that it is the sole export representative of the plywood mills in the United States Pacific Northwest and from making any similar advertising claims to the effect that United States Douglas fir plywood can be purchased in foreign countries only through Pacific Forest Industries or its agents.

The term "American exporter" is defined, for the purpose of these recommendations, as a citizen of the United States, a partnership in which the partner or partners owning the principal beneficial interest is or are citizens of the United States, or a corporation domiciled in the United States the majority of the stock of which is owned by citizens of the United States, desiring to purchase plywood for his, their, or its own account for resale in export trade.

By the Commission.

[SEAL]

A. N. Ross, *Acting Secretary*.

ANNUAL REPORTS OF THE COMMISSION, 1916-39—PUBLICITY STATEMENTS
ISSUED BY THE COMMISSION CONCERNING THE LAW

The Commission's annual reports have given, each year, a statement of Webb law activities during that period, beginning in 1915 with a report on the foreign-trade inquiry instituted in May of that year, and in 1916 a report on the bill at that time before Congress, continuing after the law was passed with a summary each year of current information.

These reports give the volume of business by the groups, a list of associations at that time filing papers, and a discussion of current trade conditions, advantages obtained and obstacles met by the Webb law associations. Excerpts from the annual reports, 1937 to 1939, are herewith transmitted as exhibits.¹⁷ When a new association is formed, the Commission issues a brief statement announcing the filing of papers. Other publicity statements have been issued from time to time, and several articles have been prepared for publication in Commerce Reports published by the Department of Commerce.

¹⁷ See exhibits 8, 9, and 10 herewith, excerpts from the Commission's reports for 1937, 1938, and 1939.

PROCEDURE UNDER THE ACT

The Commission's procedure under the act has been simple. Organization papers are received and acted upon by the full Commission. These papers include the first report, for which blanks are supplied by the Commission,¹ the certificate of incorporation, if it is incorporated, bylaws, membership agreement, contract forms, working rules or regulations, or any other documents covering the organization plan.

Annual reports filed in January of each year² keep the organization material to date. Other information is required from time to time, and field calls are made at the association offices. In case of an inquiry, a more extended search is made of the association records and operation. As a rule inquiries have resulted in informal advice to the association in question. The only formal summons and recommendation was issued in the case of the Pacific Forest Industries, hereinbefore quoted.

¹ See exhibit 4 herewith, first report form.

² See exhibit 5 herewith, annual report form.

PRODUCTS EXPORTED—VALUE OF EXPORTS, 1920-38

The first associations to be formed were the lumber exporters, the copper and steel associations, exporters of machinery, pipe fittings, and valves, railway equipment, phosphate rock, chemicals, paper, furniture, buttons, elastic webbing, and a number of exporters of food-stuffs. Some of the groups were organized for the purpose of selling goods to the Allies during the World War.

The sulfur and rubber groups were formed in 1922, and in 1923 abrasives, railway tires and springs, naval stores, and corn products were added to the list. In 1924 associations were formed to ship cotton linters and flour, and in 1925, California dried fruit, barrel staves, and railway brake beams. In 1926 the second copper association was formed, also groups to ship salmon and screws. In 1927 the second dried-fruit association was added, and groups to sell plywood, doors, zinc, and flour. In 1928 the second steel association was organized (the first steel group withdrew in 1923, but some of the same members joined the second), also associations to ship fresh fruit, rice, and sardines. In 1929 the petroleum associations were added, as well as the metal lath, abrasives, rice, and two lumber associations. In 1930 the textile groups were formed, two lumber associations, the carbon-black association, and a group to ship grapefruit; in 1931 another lumber group, an electrical association, and a railway signal association. In 1932 the shook exporters were organized. No groups were formed in 1933 or 1934. In 1935 associations were formed to ship carbon black, plywood, fruit, and wood naval stores. In 1936 box shooks, plate glass, alkali (California), and dried prunes were added to the list; in 1937 fresh fruit, rice from the Southern States, and the iron and steel scrap association which operated only a few months. In 1939 the potash association was formed, and in 1939 a wood naval stores association containing some of the same members as the first wood naval stores group, also associations to export pencils and California rice. The last group to be formed was the electrical export corporation, papers filed in January 1940.

Generally speaking, semimanufactured products have lent themselves more readily to Export Trade Act organization, since they may be standardized and sold under general rules as to quality and quantity. Some specialized products, however, have been sold to advantage, with due regard for trade-marks and brands developed by individual members. Agricultural products may be exported by such associations, although in some cases exporters of farm products have organized under the sister cooperative acts instead.

The products exported are in some cases of the same kind and grade as are sold in the domestic market, with perhaps different packaging and marking. Goods exported must be more securely packed for stowage and transshipment. In some products, however, different markets require different specifications and classifications (i. e., lum-

ber), and at times the buyer cannot afford the prices prevailing in this country and prefers to buy a cheaper grade within his means.

In reporting to Congress each year the value of exports by the Webb law associations, they have been divided roughly into five groups, in order that the statistics of the individual companies need not be published. Total exports during the years 1920 to 1938, inclusive, as published in the reports for 1921 to 1939, are as follows:

Year	Metals and metal products ¹	Products of mines and wells ²	Lumber and wood products ³	Foodstuffs ⁴	Other manufactured products ⁵	Total
1920.....	\$152,000,000	\$8,000,000	\$17,000,000	\$8,000,000	\$36,000,000	\$221,000,000
1921.....	67,557,000	5,556,000	9,894,000	5,839,000	2,334,000	91,180,000
1922 ⁶						
1923.....	68,227,000	10,500,000	26,000,000	32,400,000	16,373,000	153,500,000
1924.....	43,992,000	9,885,000	32,700,000	35,300,000	18,123,000	140,000,000
1925.....	43,287,000	14,279,000	38,000,000	42,000,000	27,934,000	165,500,000
1926.....	56,500,000	14,300,000	35,700,000	35,000,000	59,000,000	200,500,000
1927.....	180,000,000	15,200,000	35,400,000	53,000,000	87,900,000	371,500,000
1928.....	267,600,000	17,500,000	28,200,000	80,400,000	82,500,000	476,200,000
1929.....	271,000,000	270,000,000	26,000,000	67,100,000	90,000,000	724,100,000
1930.....	208,000,000	315,000,000	22,600,000	40,500,000	75,000,000	661,000,000
1931.....	100,000,000	73,000,000	35,400,000	32,500,000	70,100,000	311,000,000
1932.....	21,000,000	56,000,000	8,000,000	24,000,000	35,000,000	144,000,000
1933.....	29,000,000	44,000,000	8,000,000	28,000,000	34,000,000	143,000,000
1934.....	27,000,000	53,000,000	8,500,000	21,300,000	36,000,000	145,800,000
1935.....	20,250,000	55,875,000	9,450,000	16,500,000	35,610,000	137,685,000
1936.....	40,507,335	40,780,283	8,533,374	21,250,433	38,225,100	149,296,525
1937.....	93,958,850	32,580,219	7,456,922	19,921,343	43,958,498	197,875,832
1938.....	67,000,000	20,920,491	5,881,028	21,487,274	45,956,027	161,244,820

¹ Copper, iron and steel, scrap, metal lath, zinc, machinery and implements, foundry equipment, locomotives and railway equipment, electrical apparatus, signal apparatus, tools, pipes, valves, and screws.

² Phosphate rock, coal and coke, sulfur, petroleum and products, carbon black, potash.

³ Pine, fir, hardwood, red gum, redwood, walnut, naval stores, plywood, doors, furniture and office equipment, wood pipe, barrel and box shooks, wooden tool handles, clothespins, pencils (pencil association newly organized, exports not yet included in totals).

⁴ Canned milk, meat products, sugar, flour, corn, and other grain products, rice, sardines, canned salmon, peas and other canned vegetables, fruit (canned, fresh and dried).

⁵ Paper, rubber products, abrasives, cement, glass, cotton linters, webbing and other textiles, clothing, buttons, fertilizer, paint and varnish, insecticides, alcohol, tanning materials, soda pulp, soda ash, alkali, and other chemicals, and general merchandise.

⁶ Figures not compiled in 1922.

The value of the Webb law, however, cannot be measured in dollars and cents. The most successful years were not those in which the exports reached the highest figures. The real measure of success was achieved in the period of depression when totals were smaller but exporters, beset by trade restrictions and unsettled markets abroad, were still able to continue their organization and ship to foreign countries through their cooperative agreements.

NUMBER OF ASSOCIATIONS AND OF MEMBER COMPANIES

The association lists show some changes each year. The number has varied from 43 in 1920 to 57 in the peak years, 1929 to 1931. There are now, in February 1940, 44 associations on file with the Commission.¹

The Commission's list, published in the annual reports, as of June 30 of each year, has been as follows:

1920, 43 associations.	1930, 57 associations.
1921, 48 "	1931, 57 "
1922, 56 "	1932, 51 "
1923, 55 "	1933, 50 "
1924, 50 "	1934, 45 "
1925, 50 "	1935, 43 "
1926, 51 "	1936, 45 "
1927, 55 "	1937, 45 "
1928, 56 "	1938, 44 "
1929, 57 "	1939, 43 "

Four associations have been in operation since the first year the law was passed, 1918. These and 7 others have been in active operation for 20 years; and 25 associations have been in continuous operation for the past 10 years.

A total of 2,074 producers, mills, mines, and factories, scattered throughout the United States, from coast to coast, and shipping to all parts of the world, have operated under the act during its operation, 1918 to January 1940.²

The present list of 44 associations represents 434 member companies.

¹ See exhibit 2 herewith, list of associations filing papers with the Federal Trade Commission on Feb. 29, 1940. These include three new groups formed since the last annual report of the Commission, as of June 30, 1939 (Pencil Industry Export Association, California Rice Exporters, and Electrical Export Corporation); and exclude two that have withdrawn since that date (Grapefruit Distributors, Inc., and U. S. Handle Export Co.).

² See exhibit 3 herewith, list of associations that have filed papers, 1918-39, with names of members and the years in which they held membership—also notes on operation of each association, and if dissolved, reasons for dissolution.

TYPES OF ORGANIZATION

In view of the wide variety of products that have been exported under the act, the association agreements have varied considerably, each drafted to meet the needs of the particular industry to be served. The three general types that have been used are:

(1) The association that serves as a central agent for the members, taking orders, negotiating sales, and handling shipment of the goods to foreign countries.

(2) The association that directs the exportation of the members and retains certain functions in export trade, but permits the members to take the orders through their already established agents abroad; and

(3) The export company formed for the purpose of buying the members' products and reselling them in foreign markets.

The first and second methods of operation may be combined, the members using their established agents for some markets and the association sales office for new markets or those in which the trade is not of sufficient volume to warrant the expense of individual agents.

Most of the associations have become incorporated, under State laws, for their own convenience, although the Export Trade Act does not require it. An office that is actually negotiating sales and incurring financial obligations finds incorporation of advantage. Capital stock is held by the exporting members and is therefore not sold in the open market.

Usually the Webb law group is formed by producers or manufacturers of the same or similar products, and there may be more than one group in the same industry. Several associations have been formed to sell miscellaneous products, but this has not been successful; ordinarily an agent is not equipped to sell more than one line of goods. A Webb law group is a voluntary organization and may or may not include a large percentage of the industry. One of the lumber export associations ships redwood, another walnut, but several have shipped pine. On the Pacific coast one group sells dried fruit packed in California and another the same products packed in Oregon. A third group sells only one kind of dried fruit (prunes) and comprises some of the same members as are in the California dried fruit association. A petroleum company at one time filed papers under the act and was at the same time a member of a larger petroleum association also filing papers. The two phosphate associations at one time combined to form a third group. In some cases two associations operating independently have had a cooperative relationship.

Some of the association agreements are limited to specified products or certain named markets; others provide for shipment to any

or all foreign countries. Most of the groups are formed for the purpose of developing a regular export business, year in and year out; although in special instances an association may be organized to meet a special need or a temporary purpose. In a few cases, the association operates only when there is a surplus to be disposed of in export markets. The membership agreements may be of permanent duration, or they may be drafted for a limited period with provision for extension, in which case they are usually extended for longer periods.

An association may have more than one class of members, dependent upon the services that it contracts to perform for them. One association has a "full" membership and a "limited" membership; another has a "packers" division and a "merchants" division; some have members that are stockholders and others that do not hold stock. In addition to the products of the members, an association may obtain and sell the products of other manufacturers to complete its foreign orders.

The main office of the association may be at seaport in order to handle the shipping details, or it may be in the locality of the member mills in order to serve as a convenient meeting place for agreement upon export policies. Branch offices and agencies are maintained in this country and abroad.

Provision may be made for dividends or distribution of profits on the basis of stock holdings or on actual tonnage shipped. In most cases, however, the associations operate on an expense basis, the profits accruing to the individual members. Expenses may be prorated in accordance with the amount of stock held, or they may be covered by commissions on sales, with provision for assessments in case of deficit. If the members' exports are of approximately equal volume, expenses may be borne equally. Some associations deduct the expense from current receipts for sales before distribution to the members; others make periodical assessments to cover expenses actually incurred. In some cases a minimum price agreed upon is paid to the member when the sale is made, and an additional sum, representing the difference between the minimum price and the actual price obtained from the foreign buyer, is later divided among the membership. The association funds may include a small membership fee payable when a company joins, or there may be a substantial initiation fee which is held to cover losses or penalties in case of breach of the agreement.

FUNCTIONS OF THE GROUPS

SELLING AS EXPORT SALES AGENT FOR THE MEMBERS

This was the primary function contemplated when the law was passed. The Commission reported to Congress in 1916 that—

The principal form of cooperation in the mind of those proposing any form of cooperative organization was the joint selling agency. (Federal Trade Commission Report on Cooperation in American Export Trade, 1916, vol. 1, p. 244.)

The House Committee on the Judiciary in favorably reporting the bill to Congress stated that—

The object of this bill is to aid and encourage our manufacturers and producers to extend our foreign trade.

The bill seeks to do this by permitting the organization of cooperative selling agencies or associations among American exporters in order that they may meet foreign competition on equal terms in international commerce. (Rept. No. 118, 64th Cong., 1st sess., August 15, 1916, to accompany H. R. 17350.)

During the first few years of Webb law operation all of the groups were formed on this basis. After the Silver letter in 1924 other types of organizations were developed. The effect of the Commission's recommendations in the *Pacific Forest Industries* case in January 1940 (hereinbefore set forth) will be to limit the exclusive selling agency plan of operation to sales in foreign markets and to prohibit combination for the purpose of selling to domestic competitors of the associations.

The association that actually negotiates export sales has a more extensive office, usually at seaport, and employs agents abroad to take orders and introduce the products in new markets. It must be in constant touch with the members by telephone and through committee meetings. It may also maintain foreign offices and traveling agents to cover a number of countries and direct the sales of regional agents. This is the most economical method of operation. By centralizing the sales offices and activities of the members, the association may effect substantial savings in cost. For the smaller company or the producer who has not developed an export business, this method is invaluable; in many cases it spells the difference between exporting and not exporting, because the member company cannot afford to establish foreign contacts and sell individually.

PURCHASING THE MEMBERS' PRODUCTS FOR RESALE IN FOREIGN MARKETS

Some associations are export companies that buy the members' products and resell them abroad at whatever profit can be made. In such a case the members may sell at an agreed price, f. a. s. United States ports, and the association then negotiates sales to foreign purchasers at a delivered price fixed by the management, varying with foreign market conditions, ocean freights, insurance, handling, and warehouse costs.

The corporation may guarantee to take from each member a certain amount available for export within a given period. One such corporation sells to distributors, delivered at foreign ports, the distributors having their own agents in the various foreign markets. Stocks abroad are held by the distributors or their agents. The shipments are consolidated and the association effects economy in arranging for freight, cargo space, and insurance.

EMPLOYING AGENTS AND DIRECTING AGENTS OF THE MEMBERS—PROMOTING CONFERENCES AND AGREEMENTS IN EXPORT TRADE

If the members have well-established export departments or corporations, they may not wish to relinquish them and sell entirely through a central sales office or corporation. In that case the members agree upon export policies, and the association may direct the activities of the members' sales offices. The extent of this direction depends upon agreement; in some cases the members' foreign agents are under contract with the association.

This sort of an organization is also available for the development of new markets; and in the depression period, when it was necessary to release individual agents in markets where the trade had lessened, a joint agent for the members under association direction was utilized to advantage.

There are many export functions, hereinafter covered, that may be adopted by an association of this sort, but the principle of such a group is a cooperative relationship and exchange of export information. Prices on foreign sales may or may not be fixed. There is usually an adoption of uniform contract forms. There may be a division of business or each member may sell what it can abroad. If the association is at seaport, it may act as a forwarder, negotiating for freight and insurance. An important function of such a group is an exchange of information as to special sales or unusual conditions. If, for instance, the goods are such as will deteriorate with age, it may be necessary at times to unload certain quantities at special prices. Upon notice of such sales the other members of the group may stay out of the market, instead of trying to meet the cut prices and thereby sustaining loss. Trade practices may be agreed upon and abuses eliminated, and foreign-market information exchanged for the benefit of all of the members.

EXPLOITATION OF MEMBERS' PRODUCTS ABROAD

The export association is in a position to effect a substantial saving in exploitation expense. For instance, a group formed by 10, 20, or 50 mills may divide the expense of an agent among them and can therefore afford to send representatives all over the world to introduce their products and to study the needs of each market.

A system of joint advertising may be devised, an association mark may be used (such as "Wesco" for the Walnut Export Sales Co., or "Apec" for the American Provisions Export Co.) or the members' brands and patented articles may be promoted by the association agents.

AGREEMENT UPON TERMS AND SALES POLICIES IN EXPORT TRADE

Most associations have adopted a uniform sales contract, which eliminates as far as possible trade abuses and terms that have been proven impracticable. In some cases this has been the greatest advantage derived under the act.

Price agreements vary considerably. Some associations do not fix export prices, but the members agree to exchange price information; this, as stated before, is especially useful in case of special sales for limited periods. The common practice of foreign buyers to play one exporter out against another in an attempt to beat the price down, may be eliminated if each knows exactly the quotations made by the others for export sales.

In some cases a minimum export price is agreed upon, below which the members will not sell. If the association negotiates the sales, more often the price is fixed by the agent abroad, varying in different markets to meet the local conditions. On some commodities the final price is a matter of dicker over the telephone by the association office with the foreign purchasing agents.

Price, credit, and operation under foreign-exchange regulations have presented serious problems to the Webb law groups. In this connection we may quote from a report received from an association which has been in active operation for a number of years and has successfully weathered the storm of the depression.

The establishment of prices is a distinct function of the association. It has to be under our form of operation. Prices are established and maintained by responsible foreign agents over whom supervision is exercised by an association official who travels abroad. Prices must depend upon economic conditions in each market versus maximum consuming power of that market under normal conditions. In other words, purchasing power is an important factor to be considered with respect to maximum sales. Another factor is competition; still another is quality and a study of the needs of important consumers in accordance with their processes of manufacturing. Prices necessarily fluctuate in different parts of the world, being controlled by innumerable conditions, both political and economic. In some instances the return exceeds domestic levels here; in others it is about the same; and in others it will occasionally dip lower. Consequently we work on a final average annual price for export, which in turn is distributed equitably in proportion to each factory's shipments.

Credits range according to market practices and the standing of customers. Exchange is a chapter in itself. There is the problem of covering future exchange, spot exchange, and operating with no exchange whatsoever. We have a free movement of exchange, semi-embargoes, and complete embargoes. This involves much in the way of difficult financing.

In one country we have operated at a maximum of 1 year without securing one dollar of exchange, allowing our funds to accumulate and eventually liquidating them through an easement in exchange regulations over a period of a year thereafter. These adversities cause much in the loss of interest, and at times much more in depreciated exchange, when available, as compared to the rate when sales were made. Where possible we cover exchange futures as far in advance as 6 months; in other cases local trends indicate spot coverage over different periods; again customers have been permitted to hedge exchange and provide necessary guaranties against loss in our acceptance of local currency. Sales are made in sterling to markets with a different standard of currency.

Constant changes in foreign tariffs come to us telegraphically and in ample time for us to adopt necessary safeguards by advance shipments in order to save large sums of money.

At the very least, a maintained price level can return from 20 to 30 percent less than circumstances seem to warrant, and even reach a point where exports are blocked completely over certain periods. This involves heavy stocking of ware-

houses abroad in advance, increased expenses and uncertainty regarding even an approximated price return.

This fact alone illustrates the tremendous advantage of associated activity in contrast to individual effort.

Some associations report that export prices are fixed by the council or board of directors, or by a special committee for that purpose, "all factors considered."

In some cases sales are made cash against documents, and in some countries quotations are in American dollars, the buyer paying the tariffs. The usual practices obtain in quoting c. i. f., f. a. s., or f. o. b. vessel at loading point for the convenience of the foreign purchaser.

ALLOCATION OF THE EXPORT BUSINESS

The association's business may be divided among the member companies in predetermined proportions or quotas. Various bases are adopted; in some cases the stock holding of a member decides his proportion; in others the tonnage is divided on the basis of past exports over a period agreed upon, or upon reports covering amounts available for export within a future period. Some quota plans are more complicated, including consideration of quality as well as quantity, loading and shipping facilities, and other export factors. Provision is usually made for readjustment of quotas to meet changing conditions.

In order to maintain a quota system, the association must have detailed records of the members' sales, with copies of invoices and other documents.

Some associations have no quota plan, each member taking whatever orders it can obtain. In that case the association need not keep such detailed records.

STANDARDIZATION OF PRODUCTS EXPORTED—INSPECTION AND CLAIMS SERVICE

Much has been accomplished by the Webb law groups toward standardization of the goods exported, and improvement of their quality. If an association mark is adopted, all goods bearing that mark must meet a certain quality test. For this purpose the smaller members may have the benefit of the technical research of the larger companies.

Reduction in the number of sizes and shapes of the products sold in export has tended to lessen manufacturing cost, and the associations' efforts to learn the needs of foreign buyers as to specification or grade have made for increased export sales. If cheaper goods are sold, to meet the lower purchasing power of foreign buyers, these grades are established without deception in order to protect the reputation of the association products.

Inspection service before shipment has reduced the claims of foreign buyers. Provision has also been made for the handling and settlement of disputes through association agents.

Rules are adopted for packing and shipment. These must conform to the requirements of the markets in which the goods are sold. The association is in a position to obtain information as to these requirements and to advise the members with a minimum of expense.

ARRANGING FOR INSURANCE, FREIGHT RATES, CARGO SPACE, SHIPPING DATES,
AND STORAGE

The association that negotiates sales usually has forwarding functions, and in some cases where the sales are conducted by the members, the association offices are used for the purpose of obtaining advantageous freight rates, cargo space and shipping dates. Consolidation of shipments and arrangement for space over a longer period make for better rates on freight and insurance. Some of the associations have handled negotiations with conferences which no one member was in a position to do.

Storage in this country or abroad is at times to the advantage of the producers. This is especially true of a seasonal product which would otherwise come upon the market at one time of the year. If the goods can be disposed of with regularity, depression of price may be avoided.

It has also been found that transportation lines are more crowded at some seasons. The association may therefore arrange to have its goods transported at dull seasons and stored at port for future shipment; this is especially true of heavy cargo.

COLLECTING AND DISSEMINATING TRADE INFORMATION AS TO MARKET CON-
DITIONS ABROAD, CREDITS, EXCHANGE, SHIPPING REGULATIONS, AND
FOREIGN LAWS

The association is in a position to obtain information concerning trade conditions in foreign markets that is not available to individual members without considerable expense. Changes in regulations are reported by the association agents by cable or telegraph, and relayed to the members in time for the adoption of necessary safeguards and the saving of large sums of money. This has been of especial value during the past few years when war conditions have upset the members' markets. One association reported in 1938 that:

With war clouds on the horizon, we were enabled to keep careful track of shipments en route, divert them to different ports, or hold them in warehouses at European ports until the situation cleared and we could complete delivery. Thus no credit losses were sustained from territories which were taken over by Germany.

Foreign-exchange regulations abroad have been numerous, and other import restrictions such as tariffs, import quotas, and blocked accounts, have complicated the export procedure, and made cooperative effort of value to individual exporters.

ADVANTAGES DERIVED BY COOPERATIVE EFFORT

Advantages obtained from the various functions discussed above are obvious. The more functions the association adopts the greater economy may be effected by cooperative action.

A centralized agency may save large sums in sales cost. The association can obtain better freight rates and insurance policies by consolidating shipments, or by negotiating with conferences and steamship lines. It is also in a position to represent the members before governmental boards and trade officials—that is, in connection with reciprocal tariff hearings in this country, or exchange-commission officials abroad.

Pooling the members' products or storing them in warehouses makes it possible to feed them into foreign markets throughout the year at advantageous prices. In some cases the association may fill an order by drawing upon the supplies of a number of members, whereas one could not furnish the entire cargo. There is also an advantage to the foreign buyer if he can make his selection from a varied assortment of products not available in one mill, but representing the production of all of the members of such a group.

Agreements upon price and terms of sale, and adoption of uniform contracts, are of advantage to the American seller and also to the foreign buyer who prefers a price and terms that do not fluctuate daily. Trade abuses have been eliminated and service improved by agreement on terms. The association that acts as a clearing house for the members' export sales serves a useful purpose with a minimum expense.

Standardization and improvement of quality have raised the standard of American exports; the association inspection service reduces claims of buyers and offers an efficient method of handling disputes.

The association may not only effect an orderly merchandising of the goods, but it may provide by united action financial support for trade development. The expense of such service divided among a number of members can well be afforded by each.

To meet centralized buying by centralized selling, and to stand up against the competition of well-established foreign combines or cartels, are very important advantages. One association has reported that:

Only by combination under the Webb law and acting as a unit, can the American producers in this industry successfully meet the competition of foreign producers. There is little doubt, we think, that if the American producers had not been able or had neglected to take full advantage of the provisions of the Webb-Pomerene law, to combine and make joint effort, this American product would have been driven out of foreign markets many years ago.

In combining under the Webb law, however, these producers have not had undue advantage in foreign markets. They have merely been placed on an equal footing with foreigners in countries where combination in trade is permitted and encouraged.

Some associations have reported that they were "formed to meet chaos in prices, terms, and conditions of sale in all foreign markets" at the time of their organization. Asked to what they attribute their success, one group said:

Success of this company, as a Webb-Pomerene organization, is due chiefly to the fact that we have gone into the business of foreign trade in what we feel is an intelligent manner and have followed a consistent policy year in and year out, in good times and in poor times, of maintaining a foreign field organization. Through such organization we have been enabled to build up and maintain a recognition of the quality of our brand. This quality reputation, together with the goodwill created by the maintenance of a continued foreign sales force, has enabled us to continue to secure business even in the face of foreign price competition of a very serious type.

The associations' reports to the Commission state these advantages as applied to each year's operation. A typical report may be quoted:

In connection with advantages normally accruing to operation as an association, we experienced all the usual ones due to cooperative effort and might mention three general and two specific instances.

Specifically.—(1) Due to fairly large individual shipments enabling purchase of considerable cargo space at a time, little inconvenience was suffered during the maritime strike because of the tie-up of some lines. Unaffected lines were glad of the opportunity to obtain a portion of our business.

(2) Advantage of sales and price control were particularly valuable this year in view of impending and actual devaluation of certain European currencies. The association was enabled to act for the industry as a unit in determining proper action in these matters.

Generally.—(1) The establishment of recognition of our house mark, especially created for the export field on the formation of the association, so that within 5 years it has become known as the standard quality brand wherever our products are sold.

(2) Adoption of a standard export packing method used by all members and governed by the association, the effect of which has been to practically eliminate all complaints of damage in transit. Corollary to this, any improvement in and savings in packing costs originated by any one member, when approved by the association is incorporated into the method and made available to all members.

(3) Reduction of product complaints has been consistent as files have been built into case histories so that the association has a broad picture enabling it to determine quickly whether complaints are justified, and if so, to make quick corrections and adjustments. The moral effect has been toward fewer and fewer unfair claims from the trade, as the latter have come to realize the advantage the association has in determining such.

Obstacles encountered are similar to those obtaining during the past couple of years, the main ones being limited to quotas for import of American merchandise under a permit system, one of the varieties of which requires the deposit of the importer's currency at the time of application for his permit. He is then required to get the merchandise in within a limited period of time, i. e., before expiration of his permit. The exporter then receives dollar exchange when released by the Exchange Control Board and this may be fairly prompt or several months, depending upon the amount of exchange available at the time. I might also mention that the revaluation of certain gold-block currencies at lower levels gave foreign competitors an immediate advantage, but this situation tended to right itself with rises in prices in the foreign markets where the local manufacturers are dependent upon imported raw material supplies.

Other reasons for the success of the Webb law groups are covered in exhibit 3 herewith, which gives information concerning each association individually.

OBSTACLES MET BY EXPORT ASSOCIATIONS—REASONS FOR DISSOLUTION OF SOME OF THE GROUPS

The Commission is sometimes asked why some of the Webb-law groups have become dissolved.

The chief reasons, of course, have been connected with depression conditions during the past 10 years: Difficulty in meeting exchange requirements, in financing shipments, and in operating under uncertain credit conditions. Prices abroad have been consistently lower than in this country, on most products; some companies were unwilling or unable to sell at such low prices, and went out of the export business for that reason. Some groups had customers abroad who were willing to pay the price but the goods could not pass under import quota regulations, or it was impossible to get American dollars abroad, to pay for the exports. Blocked accounts have caused serious inconvenience and loss.

In some cases associations organized to meet special conditions went out of business when their objectives were accomplished. This was true of groups formed to sell to the Allies during the World War; and some that served the purpose of disposing of war stocks after the war closed. It has also been true of a few associations, such as the Nogales Garbanzo Association which disposed of a certain accumulation of chick peas and then discontinued its operation. Some of the lumber groups went out of business because the source of supply was exhausted.

Some associations dissolved in order to effect new organization with another alinement or a different method of operation. In a number of instances after an association became dissolved some of its members were loath to lose the benefits of cooperation and therefore joined or formed another group.

In some cases the association was not successful in developing a foreign market, due to lack of demand or the competition of cheaper foreign goods. This was true of the button associations which found they could not compete with the Japanese product.

If sales were made to foreign governments, after the World War, there was at times difficulty in obtaining cash in payment. Some associations were unwilling to accept bonds or other Government securities in lieu of cash, and therefore did not make sales. Others accepted securities and suffered loss upon default in payment.

In the case of some foodstuffs, the post-war policy of foreign governments to develop production to the point of self-sufficiency resulted in tariffs and other import restrictions, with a consequent lessening of purchases from this country. In some instances this led to the building of American plants abroad, which compensated for loss on exports.

Reasons for dissolution are mentioned in exhibit No. 3 in connection with the operation of the individual associations therein listed.

FUTURE OF THE WEBB-POMERENE LAW

The operation of the Webb-law groups has been vitally affected by war conditions. The act came into effect during the closing chapter of the World War. It was used to some advantage in furnishing products for the use of the Allies, and also for the disposition of surplus war stocks after the armistice.

During the reconstruction period, there was great demand for American products abroad, and large orders were placed to complete rebuilding plans. The slight recession felt in 1921 and 1922 was followed by the boom period, leading up to the peak years of 1928 and 1929. In the latter year the Webb-law groups shipped to foreign countries goods valued at \$724,100,000.

The necessity for self-sufficiency in case of future wars led to important changes in European production and trade. Certain industries have been built up during the past 20 years through subsidies and regulation, tariffs have been imposed, and imports of these products from the United States were lessened. The Webb-law groups felt these changes and readjusted their markets to meet them.

The depression period, as an aftermath of war, appeared first in foreign countries and was met by the governments with regulations looking toward a lowering of prices and a decrease in imports, in order to prevent violent fluctuations in exchange. Exchange control, import quota plans, barter systems, and other measures abroad had serious effects upon American exports. In some cases Webb-law members were unwilling to sell at the lower prices prevailing abroad, and in others they found it impossible to await payment under the restrictive measures. It was difficult to meet the competition of lower-priced goods manufactured in foreign countries, at times subsidized by foreign governments for the purpose of encouraging trade.

Under these conditions it is surprising that so many Webb-law groups continued in operation, and that each year found new associations forming for the development of exportation. It appeared, however, that the difficulties encountered emphasized the necessity for co-operation and brought the exporters more closely together in their effort to continue on at least a small scale, an export movement that was necessary to balance the productive system and keep the local mills and mines in operation. It is significant that although the value of exports dropped to \$137,685,000 in 1935, the number of associations has at no time been less than 43. Some of the groups continued their organization year after year, with small shipments, in the hope that the depression would lift and foreign trade would again be profitable. It was in these years that the real measure of success was achieved for Webb-law operation; in many instances associations reported that they would have been unable to export without cooperative effort.

Internal disturbances in the South and Central American countries, and the Sino-Japanese conflict in the Orient, necessitated fur-

ther shifts in American exports. This was especially true of export associations on the west coast that had built up a profitable business in China and now find that market closed. On the other hand, war clouds gathering in Europe increased the demand for some classes of American goods, and again there were shifts in exports across the Atlantic.

The present conflict in Europe, begun in September 1939, has presented further problems. It is too early to predict just what the effect will be, and reports on the sales of the associations for 1939 are not yet in.¹ Doubtless there are some products which are now in demand by belligerent countries which may be shipped under the terms of the Neutrality Act, but many adjustments will be necessary. Some products that have been exported to the countries at war are not included in the lists of essentials that may now be purchased. Transportation facilities are in a state of reorganization; new financing and credit plans must be devised. In the meantime there is an opportunity for development of trade with our "good neighbors" on the south to replace products that they have heretofore purchased from Europe and cannot now obtain from that source.

There is, therefore, a renewed interest in the Export Trade Act today. The association type of organization is uppermost in the minds of exporters because no one company, however well equipped, can solve the problems that now confront our industries and exporters. The establishment of joint purchasing offices representing foreign countries suggests some form of joint selling to supply their needs. A number of new export associations are, therefore, under consideration.

In reviewing the past 22 years of operation, we may perhaps foresee the future, since export trade today is in much the same position as when this law was passed in 1918: Before it lies a period of European conflict and a further period of reconstruction. Again the problems of shifting markets, uncertain credit, and foreign-trade restrictions must be met in the years to come. Transportation facilities will again be changed when the Neutrality Act and other war conditions are at an end. Not only in Europe, but in the Orient there will be important changes and tremendous opportunities for the development of trade. It is to be hoped that the experience of the past will be of advantage to the export associations in meeting the problems of today and tomorrow through cooperative effort.

¹ This report prepared in February 1940.

APPENDIX

EXHIBIT 1

EXPORT TRADE ACT (WEBB-POMERENE LAW, 40 STAT. 516)

[PUBLIC—No. 126—65TH CONGRESS]

[H. R. 2316]

AN ACT To promote export trade, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress-assembled, That the words "export trade" wherever used in this Act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

That the words "trade within the United States" wherever used in this Act mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

That the word "association" wherever used in this Act means any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

SEC. 2. That nothing contained in the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: *And provided further,* That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the

United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

SEC. 3. That nothing contained in section seven of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October fifteenth, nineteen hundred and fourteen, shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against "unfair methods of competition" and the remedies provided for enforcing said prohibition contained in the Act entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September twenty-sixth, nineteen hundred and fourteen, shall be construed as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

SEC. 5. That every association now engaged solely in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and bylaws, and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its officers or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and it shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by

such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If such association fails to comply with the recommendations of the Federal Trade Commission, said commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

For the purpose of enforcing these provisions the Federal Trade Commission shall have all the powers, so far as applicable, given it in "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

Approved, April 10, 1918.

EXHIBIT 2

44 ASSOCIATIONS REPRESENTING 434 MEMBER COMPANIES FILING PAPERS UNDER THE EXPORT TRADE ACT, FEBRUARY 1940

	<i>Products</i>
American Box Shook Export Association, Barr Bldg., Washington, D. C.	Wooden box shooks.
American Hardwood Exporters, Inc., Carondelet Bldg., New Orleans, La.	Hardwood lumber.
American Paper Exports, Inc., 75 West St., New York----	Paper products.
American Provisions Export Co., 80 East Jackson Blvd., Chicago, Ill.	Meat products.
American Soda Pulp Export Association, 230 Park Ave., New York.	Soda pulp.
American Spring Manufacturers Export Association, 30 Church St., New York.	Railway springs.
American Tire Manufacturers Export Association, 30 Church St., New York.	Railway tires.
California Alkali Export Association, 530 West 6th St., Los Angeles, Calif.	Alkali.
California Dried Fruit Export Association, 1 Drumm St., San Francisco, Calif.	Dried fruit.
California Prune Export Association, 1 Drumm St., San Francisco, Calif.	Dried prunes.
California Rice Exporters, 351 California St., San Francisco, Calif.	Rice.
Carbon Black Export, Inc., 500 5th Ave., New York-----	Carbon black.
Cement Export Co., Inc., The, 150 Broadway, New York.	Cement.
Copper Exporters, Inc., 50 Broadway, New York-----	Copper.
Douglas Fir Export Co., Henry Bldg., Seattle, Wash----	Lumber, fir, etc.
Durex Abrasives Corporation, 63 Wall St., New York---	Abrasives.
Electrical Apparatus Export Association, 70 Pine St., New York.	Electrical apparatus
Electrical Export Corporation, 100 West 10th St., Wilmington, Del.	Do.
Export Screw Association of the United States, 23 Acorn St., Providence, R. I.	Screws.
Florida Hard Rock Phosphate Export Association, Savannah Bank & Trust Bldg., Savannah, Ga.	Phosphate, hard rock.
General Milk Co., Inc., 19 Rector St., New York-----	Milk, condensed.
Goodyear Tire & Rubber Export Co., The, 1144 East Market St., Akron, Ohio.	Rubber products.
International Wood Naval Stores Export Corporation, Gulfport, Miss.	Wood naval stores.
Metal Lath Export Association, The, 47 West 34th St., New York.	Metal lath.
Northwest Dried Fruit Export Association, Title and Trust Bldg., Portland, Oreg.	Dried fruit.
Pacific Forest Industries, Tacoma Bldg., Tacoma, Wash--	Plywood.
Pacific Fresh Fruit Export Association, 333 Pine St., San Francisco, Calif.	Fresh fruit.
Pencil Industry Export Association 703 East 13th St., New York.	Pencils, pens, etc.
Phosphate Export Association, 393 7th Ave., New York--	Phosphate, pebble.

Products

Pipe Fittings and Valve Export Association, The, 1421 Chestnut St., Philadelphia, Pa.	Pipe fittings, etc.
Plate Glass Export Corporation, Grant Bldg., Pittsburgh, Pa.	Plate glass.
Potash Export Association, Inc., 21 East 40th St., New York.	Potash.
Redwood Export Co., 405 Montgomery St., San Francisco, Calif.	Lumber, redwood.
Rice Export Association, Queen and Crescent Bldg., New Orleans, La.	Rice.
Rubber Export Association, The, 19 Goodyear Ave., Akron, Ohio.	Rubber products.
Shook Exporters Association, 2718 Pershing Drive, Memphis, Tenn.	Barrel shooks.
Signal Export Association, 420 Lexington Ave., New York.	Railway signals.
Steel Export Association of America, The, 75 West St., New York.	Steel products.
Sugar Export Corporation, 120 Wall St., New York.....	Sugar.
Sulphur Export Corporation, 420 Lexington Ave., New York.	Sulfur.
Textile Export Association of the United States, 40 Worth St., New York.	Textiles.
United States Alkali Export Association, Inc., 11 Broadway, New York.	Alkali.
Walnut Export Sales Co., Inc., 12th St. and Kaw River, Kansas City, Kans.	Walnut lumber.
Walworth International Co., 60 East 42d St., New York..	Pipe fittings, etc.

EXHIBIT 3

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918¹ TO DECEMBER 1939,² REPRESENTING 2,074 MEMBER COMPANIES -

	Years	Total number of members	Period of association operation ³
Alabama-Florida Pitch Pine Export Association, New Orleans.....		6	1929-33
Shipped pitch-pine lumber and timber to Latin-American markets, doing a substantial business when first in operation. In 1932 it reported a lessening of exports but "despite depression we believe the advantages of our organization are many, enabling all the mills in our association to obtain a fair share of the business being offered." In 1933 conditions in South American countries made operation impossible and the association was dissolved.			
<i>Members</i>			
Alger-Sullivan Lumber Co., Century, Fla.....	1929-33		
Brown-Florida Lumber Co., Caryville, Fla.....	1929-33		
Jackson Lumber Co., Lockhart, Ala.....	1929-33		
Pensacola Lumber & Timber Co., Pensacola, Fla.....	1929-33		
St. Andrews Bay Lumber Co., Millville, Fla....	1929-31		
Swift Hunter Lumber Co., Atmore, Fla.....	1929-33		
American Box Shook Export Association, Washington, D. C.....		13	1935-39
Exports wooden shooks to foreign countries. The chief advantage reported by the association is the pooling of information and elimination of unnecessary expense in exporting.			
<i>Members</i>			
American Box Corporation, San Francisco.....	1935-39		
Barnes, E. H., Co., New York.....	1935-39		
Bloedel-Donovan Lumber Mills, Seattle.....	1935-36		
Clover Valley Lumber Co., Loyalton, Calif....	1935-39		
General Box Co., Chicago.....	1935-36		
Lea, David M., & Co., Richmond, Va.....	1935-39		
Lewis-Bean Co., Seattle.....	1935-37		
McNeill, Lauff & McNeill, Thomson, Ga.....	1935-36		
Miller Mfg. Co., Richmond, Va.....	1935-36		

¹ This list does not include a number of companies that filed papers under misapprehension during the first year of operation; they were found to be engaged in business other than exporting, and were dropped from the Commission's list.

² Includes also the Electrical Export Corporation formed in January 1940, and some changes shown in annual reports, January 1940.

³ The period of operation noted here dates from filing of papers by the Commission, and not from organization date.

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Box Shook Export Association—Con. Neils, J., Lumber Co., Klickitat, Wash.-----	1935-36		
New England Box Co., Greenfield, Mass.-----	1935-39		
New Mexico Box & Lumber Co., Bernalillo, N. Mex.-----	1935-36		
Weyerhaeuser Sales Co., Chicago-----	1935-39		
American Brake Beam Manufacturers Export Association, West Nyack, N. Y.-----		2	1925-29
Shipped brake beams for railway equipment to foreign countries. The association reported that "foreign business in any volume would be impossible without operating as an association." In 1929, however, it was found that foreign car builders bought beams made in their own country, and replacement orders on American equipment usually went to the company that originally supplied the cars. The two member companies therefore decided to sell individually, and dissolved the association.			
<i>Members</i>			
American Steel Foundries, Chicago-----	1925-29		
Chicago Railway Equipment Co., Chicago-----	1925-29		
American Corn Products Export Association, New York-----		12	1922-27
Formed to export surplus of corn sirup, sugar, and starch, production of which was increased during the war. The association was a member of Grain Products Export Association, also formed under the act. It operated successfully for several years, reporting that "the centralization of statistical and other information makes possible an intelligent distribution of stocks, according to the varying needs of foreign markets. The quality of American products in this industry has been raised to a uniformly higher level as the result of the necessity of regarding the best quality of goods made by any member as the standard quality to be produced by all. The facilities provided under the Webb-Pomerene Act place us in a position to combat foreign competition in a way that would not otherwise be possible." However, the association was seriously affected by increased production abroad and tariff barriers, and became dissolved in 1927.			
<i>Members</i>			
American Maize Products Co., New York-----	1922-24		
American Maize Sales Corporation, New York-----	1924-27		
Anheuser-Busch, Inc., St. Louis-----	1923-27		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Corn Products Export Association—Continued.			
Clinton Corn Syrup Refining Co., Clinton, Iowa	1922-27		
Hubinger, J. C., Bros. Co., Keokuk, Iowa-----	1922-27		
Huron Milling Co., Harbor Beach, Mich-----	1922-27		
Keever Starch Co., Columbus, Ohio-----	1922-27		
Penick & Ford Sales Co., Inc., New York-----	1922-27		
Piel Bros. Starch Co., Indianapolis-----	1922-27		
Staley, A. E., Manufacturing Co., Decatur, Ill.	1922-25		
Union Sales Corporation, Columbus, Ind-----	1924-27		
Union Starch & Refining Co., Edinburg, Ind....	1922-24		
American Export Door Corporation, Tacoma, Wash.	-----	10	1927-30
Formed to ship doors to foreign markets, the association reported successful business, an increase in export demand for the members' products, and "a better spirit of cooperation amongst our several manufacturers, together with a keener appreciation of export trade." However, it became involved in litigation with one of its members (<i>American Export Door Corp. v. John A. Gauger Co.</i> , 283 Pac. 462) and was dissolved in 1930.			
<i>Members (stockholders)</i>			
Buffelen Lumber & Manufacturing Co., Tacoma, Wash-----	1927-30		
Clear Fir Lumber Co., Tacoma, Wash-----	1927-30		
Knox & Toombs, Hoquiam, Wash-----	1927-30		
McCleary, Henry, Timber Co., McCleary, Wash-----	1927-30		
Nicolai Door Manufacturing Co., Portland, Oreg-----	1927-30		
Peterman Manufacturing Co., Tacoma, Wash--	1927-30		
Robinson Manufacturing Co., Everett, Wash--	1928-30		
Tregoning Manufacturing Co., Seattle, Wash--	1927-29		
Washington Door Co., Tacoma, Wash-----	1927-30		
Wheeler-Osgood Co., The, Tacoma, Wash-----	1927-30		
American Export Lumber Corporation, Philadelphia	-----	51	1919-20
Formed in 1919 by members of the National Bureau of Wholesale Lumber Distributors, Inc., to ship lumber to the Allies for reconstruction of areas devastated by the World War. After some preliminary work, the corporation canceled its charter and became dissolved in 1920.			
<i>Members (stockholders)</i>			
Aberdeen Lumber Co., Pittsburgh-----			
Allied Sales Corporation, Tuscaloosa, Ala-----			
American Lumber & Manufacturing Co., Pittsburgh-----			
Angera Lumber & Tie Co., Chicago-----			
Blanchard Lumber Co., Boston-----			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Export Lumber Corporation—Continued.			
Bruner, Owen M., Co., Philadelphia.....			
Cain Hurley Lumber Co., St. Louis, Mo.....			
Chickasaw Lumber Co., Demopolis, Ala.....			
Coale, Thos. E., Lumber Co., Philadelphia....			
Colby & Dickinson, Inc., Seattle.....			
Coppock, S. & P., & Sons Co., Ft. Wayne, Ind..			
Craig Huff Lumber Co., Philadelphia.....			
Cross, B. W., Lumber Co., Pittsburgh.....			
Currie & Campbell, Philadelphia.....			
Daley, E. H., Lumber Co., New York.....			
Danges, J. C., Lumber Co., Pittsburgh.....			
Davis, Henry D., Lumber Co., Portland, Oreg..			
Dougherty McKay & Co., Valdosta, Ga.....			
Driver, L. F., & Co., Thomasville, Ga.....			
Duncan Lumber Co., Portland, Oreg.....			
Eitzen Touart Co., Pensacola, Fla.....			
Erie Lumber Co., Erie, Pa.....			
Germain Co., The, Pittsburgh.....			
Godfrey, L. N., & Co., New York.....			
Hallowell & Souder, Philadelphia.....			
Hammer, Thomas B., Philadelphia.....			
Herron, Lawton, Parks Co., Seattle.....			
Hettler, H. H., Chicago.....			
Hirsch Lumber Co., New York.....			
Houston Lumber Co., Thomasville, Ga.....			
Jemison, J. B., & Co., Thomasville, Ga.....			
Kreamer Lumber Co., Philadelphia.....			
Levy, A. J., Lumber Co., Philadelphia.....			
Mackintosh & Truman Lumber Co., Seattle....			
Marsh & Truman Lumber Co., Chicago.....			
McLeod Lumber Co., Hattiesburg, Miss.....			
McWilliams Lumber Co., Mobile, Ala.....			
Mickle, Geo. T., Chicago.....			
Rayner & Parker, Philadelphia.....			
Ryland & Brooks Lumber Co., Baltimore.....			
Saari-Tully Lumber Co., Portland, Oreg.....			
Sizer, R. B., & Co., New York.....			
Stitzinger, G. G., & Co., New Castle, Pa.....			
Stoner, E. H., Pittsburgh.....			
Truman, M. G., Chicago.....			
Turnbull, J. W., Lumber Co., Philadelphia....			
Walker Johnston Lumber Co., Mobile, Ala.....			
Western Lumber Sales Co., Seattle.....			
Wilson, W. A., & Son, Wheeling, W. Va.....			
Wistar, Underhill & Nixon, Philadelphia.....			
Wyatt Prock Lumber Co., Philadelphia.....			
American Hardwood Exporters, Inc., New Orleans..		9	1930-39
Ships hardwood lumber to foreign countries.			
<i>Members (stockholders)</i>			
Anderson-Tully Co., Memphis, Tenn.....	1930-39		
Atlantic Lumber Co., Boston, Mass.....	1937-39		
Bruce, E. L., Co., Memphis, Tenn.....	1930-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Hardwood Exporters, Inc.—Continued.			
Chicago Mill & Lumber Co., Chicago.....	1930-39		
Frost Lumber Industries, Inc., Shreveport, La....	1939		
Gayoso Lumber Co., Memphis, Tenn.....	1930-32		
Hillyer Deutsch Edwards, Inc., Oakdale, La....	1939		
Mobile River Saw Mill Co., Mt. Vernon, Ala....	1939		
Pearl River Valley Co., Hammond, La.....	1934-37		
American Locomotive Sales Corporation, New York.	-----	1	1919-39
Sold locomotives and spare parts; was a member of the Locomotive Export Association, cooperating with Baldwin Locomotive Works on export sales. In 1939, the Sales Corporation advised that it was selling only for the American Locomotive Co., and was therefore not an association; withdrawing from operation under the act.			
<i>Members</i>			
All stock held by the American Locomotive Co.	1919-39		
American Maize Products Export Association, Chicago.	-----		1919
Name changed to United States Maize Products Export Corporation in 1920. (See United States Maize.)	-----		1920-26
American Milk Products Corporation, New York.	-----		1919-30
Name changed to General Milk Co. in 1930. (See General Milk.)	-----		1930-39
American Paper Exports, Inc., New York.	-----	61	1918-39
Exports paper and paper boards to all parts of world; in successful operation since 1918.			
<i>Members (stockholders)</i>			
Alpaugh, E. R., Jersey City, N. J.....	1920-22		
American Realty Co., New York.....	1935-39		
American Writing Paper Co., Holyoke, Mass....	1918-24		
Appleton Coated Paper Co., Appleton, Wis....	1918-39		
Berkshire Loan & Trust Co., Pittsfield, Mass....	1923-25		
Beveridge Paper Co., Indianapolis, Ind.....	1919-24		
Bond, D. W., Philadelphia.....	1922-24		
Brown, L. L., Paper Co., Adams, Mass.....	1918-39		
Brownville Paper Co., Brownville, N. Y.....	1918-24		
Capelle, Geo. S., Jr., Philadelphia.....	1918-39		
Caplin, S., Brooklyn, N. Y.....	1918-26		
Carmichael & Co., Ltd., Sydney, Australia....	1918-26		
Chable, Louis, Ridgewood, N. J.....	1918-35		
Chable, Marcelina, Trustee, Ridgewood, N. J....	1918-26		
Champion Coated Paper Co., Hamilton, Ohio....	1919-25		
Chemical Paper Manufacturing Co., Holyoke, Mass.....	1918-29		
Collins, Grellet, Philadelphia.....	1918-24		
Continental Paper & Bag Co., New York.....	1933-37		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Paper Exports, Inc.—Continued.			
Crane & Co., Dalton, Mass.....	1918-39		
Crane, Z. & W. M., Dalton, Mass.....	1919-26		
Crocker-McElwain Co., Holyoke, Mass.....	1918-35		
Detroit Sulphite Pulp & Paper Co., Detroit.....	1919-24		
Dexter Sulphite Pulp & Paper Co., Dexter, N. Y.....	1918-23		
Dill & Collins Co., Philadelphia.....	1918-19		
Franklin, Benj. A., Bridgeport, Conn.....	1918-26		
Hammermill Paper Co., Erie, Pa.....	1918-34		
Hastings, Arthur C., New York.....	1918-26		
Hastings, Helen M., Devon, Pa.....	1922-25		
Holyoke Card & Paper Co., Springfield, Mass.....	1918-24		
Ideal Coated Paper Co., Brookfield, Mass.....	1919-22		
International Paper Co., New York.....	1918-39		
Kimberly-Clark Corporation, Neenah, Wis.....	1918-39		
LaBree, Benj., Jr., New York.....	1919-24		
LaMonte, Geo., & Sons, New York.....	1920-29		
Marathon Paper Mills Co., Rothschild, Wis.....	1919-24		
Marquardt, O. F., Philadelphia.....	1922-24		
Martin-Cantine Co., Saugerties, N. Y.....	1918-35		
McIntosh, D. F., Jersey City, N. J.....	1918-39		
McLauren-Jones Co., Brookfield, Mass.....	1922-25		
Missisquoi Pulp & Paper Co., Sheldon Springs, Vt.....	1919-27		
Monroe Binder Board Co., Monroe, Mich.....	1919-24		
Moses, Horace A., Mittineague, Mass.....	1918-26		
Mountain Mill Paper Co.....	1918		
Mumford Paper Mills, Inc., Mumford, N. Y.....	1920-35		
Nashua Gummed & Coated Paper Co., Nashua, N. H.....	1919-24		
Neuhauser, E. B. D., Philadelphia.....	1922-24		
New York & Penn. Co., New York.....	1918-26		
Parsons Paper Co., Holyoke, Mass.....	1918-39		
Richmond Paper Manufacturing Co., Richmond, Va.....	1918-35		
Rising, B. D., Paper Co., Housatonic, Mass.....	1918-39		
Robertson, E. C., Hinsdale, N. H.....	1919-25		
Robertson, W. F., Hinsdale, N. H.....	1919-25		
Sanburn, W. H., Mittineague, Mass.....	1918-26		
Stevenson, Louis T., Lee, Mass.....	1920-26		
Strathmore Paper Co., Mittineague, Mass.....	1918-26		
Taylor, H. W., Philadelphia.....	1922-26		
Ticonderoga Pulp & Paper Co., Ticonderoga, N. Y.....	1918-35		
United Paperboard Co., New York.....	1918-39		
Ware Paper Co., Ware, Mass.....	1919-22		
West Virginia Pulp & Paper Co., New York.....	1918-39		
York Haven Paper Co., Philadelphia.....	1919-33		
American Pitch Pine Export Co., New Orleans.....	-----	15	1919-35
Sold pitch pine lumber and timber, as export agent for its stockholders and other lumber mills; also bought and sold on its own account; developed a hardwood department in 1927, selling for a number of hardwood			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Pitch Pine Export Co.—Continued.			
mills; and also in 1927 established export connections for manufacturers of boxes and box shooks. Operated successfully for a number of years, reporting that through the export association "both mill and buyer, likewise agent and carrier, enjoy decided advantages." However, the supply of long leaf pine, the preferred export species, became depleted, and some of the member mills stopped cutting; exchange restrictions and other unfavorable conditions in Latin American markets made exportation difficult; and the association became dissolved in 1935.			
<i>Members (stockholders)</i>			
Bentley & Emery.....	1919-29		
Eastman, Gardiner & Co.....	1919-35		
Finkbine Lumber Co.....	1919-30		
Great Southern Lumber Co.....	1919-35		
Green Lumber Co.....	1921-25		
Kirby Lumber Co.....	1928-35		
Lamar Lumber Co.....	1919-21		
Major-Sowers Sawmill Co.....	1919-29		
Marathon Lumber Co.....	1919-21		
Natalbany Lumber Co.....	1919-35		
Newman, J. J., Lumber Co.....	1919-35		
Robinson Land & Lumber Co.....	1919-22		
Wausau-Southern Lumber Co.....	1919-20		
White, Helen, Lumber Co.....	1921-27		
White, J. J., Lumber Co.....	1919-31		
American Producers Export Corporation of Delaware, New York.....			
Formed in 1921 to represent groups of producers in various lines, and to hold the stock of the American Producers Export Corporation of New York. The plan was not successfully developed, and became abandoned in 1922.		2	1921-22
<i>Members (stockholders)</i>			
Samuels, Harold C., New York.....			
Guggenheimer, Newton, N. Y.....			
American Producers Export Corporation of N. Y., New York.....			
Formed in 1921 to take over the business of the Seaboard Raw Products Co., and to represent groups of producers in various lines. The plan was not successfully developed and became abandoned in 1922. All stock held by:		1	1921-22
American Producers Export Corporation of Delaware, New York			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Provisions Export Co., Chicago.....	-----	20	1919-39
Exports packing house products, including meats, lard, cured pork products, oleos, and white grease, reporting a saving in operating expense due to combination of export departments of members in one association export office.			
<i>Members (stockholders)</i>			
Armour & Co., Chicago.....	1927-39		
Boyd Lunham & Co., Chicago.....	1919-26		
Cleveland Provision Co., The, Cleveland.....	1919-31		
Decker, Jacob E., & Sons, Mason City, Iowa.....	1924-27		
Dold, Jacob, Packing Co., Buffalo, N. Y.....	1919-39		
Hammond Standish & Co., Detroit.....	1919-39		
Hormel, Geo. A. & Co., Austin, Minn.....	1919-39		
Hygrade Food Products Co., Chicago.....	1932-34		
Indianapolis Abattoir Co., Indianapolis.....	1919-25		
Iowa Packing Co., Des Moines, Iowa.....	1919-24		
Miller & Hart, Chicago.....	1919-25		
North Packing & Provision Co., Boston.....	1927-34		
Parker Webb & Co., Detroit.....	1919		
Roberts & Oake, Chicago.....	1919-25		
Sinclair, T. M., & Co., Ltd., Cedar Rapids, Iowa.....	1928-39		
Squire, John P., Co., Chicago.....	1934-39		
St. Louis Independent Packing Co., St. Louis.....	1919-31		
Sullivan Packing Co., Detroit.....	1919-31		
Swift & Co., Chicago.....	1927-39		
Wilson & Co., Chicago.....	1927-39		
American Rice Export Corporation, Crowley, La.....	-----	16	1927-33
Formed in 1927 to purchase rice from mills and farmers in Louisiana and Texas, and export to foreign countries; became dormant, but filed papers for several years, reporting that "during our active period, we found great advantage would accrue from the consolidation of export sales through the medium of one organization."			
<i>Members (stockholders)</i>			
Boyt, A. H., Beaumont, Tex.....	1927-31		
Erwin, M. P., Lake Charles, La.....	1927-31		
Farmers Land & Canal Co., Inc., Lake Charles.....	1927-31		
Gardiner Plantation Co., Inc., Lake Charles.....	1927-31		
Hollins, A., Lake Charles.....	1927-31		
Houston River Canal Co., Lake Charles.....	1927-31		
Kaplan, A., Crowley, La.....	1927-33		
King, Geo. M., Lake Charles.....	1927-31		
Lacassine Irrigation Co., Jennings, La.....	1927-31		
La. Irrigation & Mill Co., Crowley, La.....	1927-31		
Prairie Land & Canal Co., Inc., Lake Charles.....	1927-31		
Sabine Canal Co., Lake Charles.....	1927-31		
Simon, L. M., Houston, Tex.....	1931-33		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Rice Export Corporation—Continued.			
Southwest Louisiana Farm Mortgage Co., Lake Charles.....	1927-31		
Sweetlake Land & Oil Co., Inc., Lake Charles..	1927-31		
Todd, O. J., Beaumont, Tex.....	1927-31		
American Soda Pulp Export Association, New York.		11	1919-39
The association handles exports of bleached soda pulp for the member companies; quotations made on the individual brands. The principal advantage reported is that the members can sell and the foreign purchasers can buy through one central office.			
<i>Members</i>			
Champion Coated Paper Co., Hamilton, Ohio..	1919		
Champion Fibre Co., Hamilton, Ohio.....	1920-22		
Columbian Paper Co., Philadelphia.....	1919-29		
Dill & Collins, Philadelphia.....	1921-23		
Jessup & Moore Paper Co., Philadelphia.....	1919-27		
Kingsport Pulp Corporation, Kingsport, Tenn..	1919-22		
Mead Fibre Co., Dayton, Ohio.....	1922-25		
New York & Pennsylvania Co., New York.....	1919-39		
Penobscot Chemical Fibre Co., Boston.....	1919-39		
Ticonderoga Pulp & Paper Co., Ticonderoga..	1919-22		
Warren S. D., Co., Boston.....	1919-23		
American Soft Wheat Millers Export Corp., Washington, D. C.....		41	1927-34
Organized in 1927 to sell flour for export to foreign markets through a sales manager in New York, the association reported that it "furnished an outlet for a lot of the soft wheat flour in Maryland and Pennsylvania that they would not have had otherwise." It prospered until 1929 when it began to feel the effects of increased production of wheat and flour abroad, under governmental encouragement and restrictions placed on imports, as well as requirements for certain proportions of local grain to be used in milling. Foreign demand for American flour lessened to such an extent that the corporation abandoned its business in 1934.			
<i>Members (stockholders)</i>			
Barnitz, William B., Carlisle, Pa.....	1927-33		
Beam, W. B., Camp Hill, Pa.....	1927-33		
Bowman Bros., Gaithersburg, Md.....	1927-33		
City Flouring Mills, Muncy, Pa.....	1927-33		
Derwood Mill, Derwood, Md.....	1927-33		
Ecker, A. W., & Son, Thurmont, Md.....	1927-34		
Felix & Lindsay, Newville, Pa.....	1927-34		
Felton & Kelly, Frederick, Md.....	1927-33		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Soft Wheat Millers Export Corp.—Con.			
Flory Bros., Lancaster, Pa.	1927-33		
Franklin Milling Co., Middleburg, Pa.	1927-33		
Frey Bros., Salunge, Pa.	1927-32		
Girvin, W. B., Leola, Pa.	1927-33		
Hefty Milling Co., Watontown, Pa.	1927-33		
Heishman, B. F., Carlisle, Pa.	1927-33		
Hershey, S. W., Flouring Mills, York, Pa.	1927-34		
Hess, A. S., & Son, Kinzers, Pa.	1927-33		
Hickerson Bros., Rockville, Md.	1927-33		
Hoffman, W. A., Chadds Ford, Pa.	1927-33		
Hunsecker, H. S., Willow Street, Pa.	1927-34		
Huntingdon Milling Co., Huntingdon, Pa.	1937-33		
Jefferson Milling Co., Charles Town, W. Va.	1927-34		
Kline Bros., Boonsboro, Md.	1927-33		
Lakeview Milling Co., Chambersburg, Pa.	1927-33		
Lancaster Milling Co., Lancaster, Pa.	1927-33		
Lansdale, R. H., Sandy Spring, Md.	1927-33		
Liberty Milling Co., Germantown, Md.	1927-33		
Patterson Milling Co., Saltsburg, Pa.	1927-33		
Pennock, J. L., & Co., Avondale, Pa.	1927-33		
Pleasant Valley Roller Mills, W. Leesport, Pa.	1927-33		
Pottstown Roller Mills, Pottstown, Pa.	1927-33		
Red Bank Mills, New Bethlehem, Pa.	1927-33		
Rohrer, Ross H., Quarryville, Pa.	1927-33		
Round Hill Milling Co., Round Hill, Va.	1927-33		
Routzahn, C. E., Breathedsville, Md.	1927-33		
Sees Milling Co., Williamsport, Pa.	1927-33		
Summit Milling Co., Gaithersburg, Md.	1927-33		
Tyrone Milling Co., Tyrone, Pa.	1927-33		
Wentzel, H. R., Landisburg, Pa.	1927-33		
Wilkins-Rogers Milling Co., Washington, D. C.	1927-33		
Willis, C. S., Lemoyne, Pa.	1927-33		
Willow Bank Roller Mills, Lititz, Pa.	1927-33		
American Spring Manufacturers Export Association, New York		8	1923-39
Sells its members' products, railway steel springs, in foreign markets. It reports that "cooperation between the various members enables the cost of marketing our products abroad to be distributed among all of the companies, and likewise enables us to obtain and have available at one centralized point a great deal of foreign-trade information that is quite necessary in the successful handling of an export business such as this."			
<i>Members</i>			
American Locomotive Co. (Railway Steel Spring Division), New York	1934-39		
American Spiral Spring & Manufacturing Co., Pittsburgh	1924-39		
American Steel Foundries, Chicago	1923-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Spring Manufacturers Export Association—Continued.			
Crucible Steel Co. of America, New York.....	1924-39		
Fort Pitt Spring & Manufacturing Co., Pittsburgh.....	1923-29		
Railway Steel Spring Co., New York.....	1923-34		
Standard Steel Works Co., Philadelphia.....	1923-39		
Union Spring & Manufacturing Co., Pittsburgh.....	1924-29		
American Surface Abrasives Export Corporation, New York.....		12	1923-31
Exported abrasives produced by the member companies from 1923 to 1931, reporting "successful promotion of foreign business of American manufacturers, and more orderly and economical distribution of the export product." In 1930, its members formed the Durex Abrasives Corporation, which is still in operation (see Durex.)			
<i>Members (stockholders)</i>			
American Glue Co., Boston.....	1923-31		
Armour & Co., Chicago.....	1928-31		
Armour Sand Paper Works, Chicago.....	1923-28		
Baeder Adamson Co., Philadelphia.....	1923-31		
Barton, H. H., & Son Co., Philadelphia.....	1923-31		
Behr, Herman, & Co., Inc., Brooklyn.....	1923-28		
Behr-Manning Corporation, Troy, N. Y.....	1928-31		
Carborundum Co., The, Niagara Falls, N. Y.....	1923-31		
Manning Abrasives Co., Troy, N. Y.....	1923-28		
Minnesota Mining & Manufacturing Co., St. Paul, Minn.....	1923-31		
U. S. Sand Paper Co., Williamsport, Pa.....	1923-31		
Wausau Abrasives Co., Wausau, Wisc.....	1923-31		
American Tanning Materials Corporation, New York.....		13	1919-23
Organized in 1919, the association operated successfully, disposing of surplus tanning and dyeing extracts, abroad, until a lessening of foreign demand led to dissolution of the corporation in 1923.			
<i>Members (stockholders)</i>			
Andrews Tanning Extract Co., Andrews, N. C.....	1919-23		
Brevard Tannin Co., Pisgah Forest, N. C.....	1919-20		
Champion Fibre Co., Canton, N. C.....	1919-23		
Gardner Extract Co., Basic City, Va.....	1919-23		
Grant Leather Co., Kingsport, Tenn.....	1922-23		
Heald, J. H., & Co., Lynchburg, Va.....	1919-20		
Kingsport Extract Corporation, Kingsport, Tenn.....	1919-22		
Marion Extract Co., Marion, Va.....	1919-23		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Tanning Materials Corporation—Con. Smethport Extract Co., Damascus, Va.-----	1919-23	6	1919-25
Smoot, C. C., & Sons, Alexandria, Va.-----	1919-23		
Southern Extract Co., Knoxville, Tenn.-----	1919-23		
Watauga Extract Co., Elizabethton, Tenn.-----	1919-23		
Young, H. E., & Co., Charlottesville, Va.-----	1919-23		
American Textile Machinery Corporation, Boston----- Organized in 1919 to handle export sales of textile machinery, in the European market, the association operated successfully reporting in 1922 a saving of one-third in expenses through consolidation of export arrangements. Market conditions abroad, however, led to withdrawal from the export field of some of the members, and those remaining decided to sell individually. The association was therefore dissolved in 1925.	-----	6	1919-25
<i>Members (stockholders)</i>			
Crompton & Knowles Loom Works, Worcester, Mass.-----	1919-22	6	1930-34
Draper Corporation, Hopedale, Mass.-----	1919-22		
Ketchum, Phillips, Boston.-----	1922-23		
Lockwood, Greene & Co., Boston.-----	1919-25		
Saco-Lowell Shops, Boston.-----	1919-23		
Whitin Machine Works, Whitinsville, Mass.-----	1919-22		
American Textile Trading Co., New York.----- Organized in 1930 to export cotton yarns and goods, the association operated successfully until affected by the depression and political situation in Latin-American markets, and by depreciated currency in Europe, which lessened the volume of exports and led to dissolution of the company in 1934.	-----	6	1930-34
<i>Members</i>			
Aberfoyle Mfg. Co., Philadelphia.-----	1930-34	7	1923-39
American Yarn & Processing Co., Mount Holly, N. C.-----	1930-34		
Dixie Mercerizing Co., Chattanooga, Tenn.-----	1930-34		
Hampton Co., The, Easthampton, Mass.-----	1930-31		
Spinners Processing Co., Charlotte, N. C.-----	1930-34		
Standard-Coosa-Thatcher Co., Chattanooga, Tenn.-----	1930-34		
American Tire Manufacturers Export Association, New York.----- Exports railway steel tires, reporting that: "The association makes for economy in working as a single unit instead of having a separate sales organization for each company and has been an advantage to the members in handling of shipping documents and the	-----	7	1923-39

	Years	Total number of members	Period of association operation
American Tire Manufacturers Export Association—Continued.			
centralization of inquiries and orders. It not only provides for dealing more effectively with foreign competition, but makes possible better service to the customers, splitting large orders among two or three members of the association to obtain quicker completion than would be the case if one company received the entire order."			
<i>Members</i>			
Chrome Steel Works, Carteret, N. J.-----	1923-28		
Edgewater Steel Co., Pittsburgh-----	1923-39		
Midvale Co., The, Philadelphia-----	1923-39		
Midvale Steel & Ordnance Co., Philadelphia----	1923		
Railway Steel Spring Co., New York-----	1923-34		
Railway Steel Spring Division of American Locomotive Co., New York-----	1934-39		
Standard Steel Works Co., Burnham, Pa.-----	1923-39		
American Webbing Manufacturers Export Assoc., New York-----		8	1919-32
Formed in 1919 to export elastic and non-elastic webbing manufactured by the member companies, the association developed a profitable business abroad. It reported that: "Perhaps the principal advantage in the export company is found in the fact that it relieves the members of the multitude of details peculiar to export business, which would not be easy for them to handle owing to the fact that the factories are all in the interior. There is a great advantage to the customer whereby he is enabled to purchase the most of his wants or requirements in this line from one source * * * he has been able to see either at the offices of our agents in the several countries, or at our offices in New York if he came here, a very complete line of elastic webbing and other articles, whereas he would have to visit many places to see the same merchandise in our members' offices." In 1932 the association reported losses due to depression conditions, the exchange situation, and the fact that lower costs abroad made it impossible to compete with products of foreign competitors. It was therefore dissolved in 1932.			
<i>Members</i>			
American Mills Co., Waterbury, Conn-----	1919		
Ansonia O. & C. Co., Ansonia, Conn-----	1919		
Colton, Geo. S., Elastic Web Co., Easthampton, Mass-----	1919-28		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
American Webbing Manufacturers Export Assoc.—Continued.			
Conant, Houghton & Co., Inc., Littleton, Mass.....	1919-28		
Everlastik, Inc., Chelsea, Mass.....	1919-28		
Rhode Island Textile Co., Pawtucket, R. I.....	1919		
Sanford Narrow Fabric Co., New York.....	1919-28		
Waterbury Buckle Co., Waterbury, Conn.....	1919		
Associated Button Exporters of America, Inc., New York.....		13	1921-33
Formed in 1921 to include a number of button companies, some of which were filing separately under the act; the association established agencies abroad but met with keen competition from foreign manufacturers whose production costs were lower, especially the Japanese selling in Latin-American markets. Sales were made for several years, but the association finally became dissolved in 1933.			
<i>Members (stockholders)</i>			
American Pearl Button Co., Washington, Iowa.....	1921-33		
Automatic Pearl Button Export Co., Muscatine, Iowa.....	1921-33		
Clandere Export Corporation, New York.....	1921-33		
Davenport Pearl Button Export Co., Davenport, Iowa.....	1921-33		
Hampshire Pearl Button Co., Amsterdam, N. Y.....	1921-33		
Hawkeye Pearl Button Export Co., Inc., Muscatine, Iowa.....	1921-33		
Howell, Charles M., Waltham, Mass.....	1921-33		
McKee-Bliven Button Co., Muscatine, Iowa.....	1921-33		
Mississippi Pearl Button Co., Burlington, Iowa.....	1921-33		
Nord-Buffum Pearl Button Co., Louisiana, Mo.....	1921-33		
Pioneer Pearl Button Export Co., Poughkeepsie, N. Y.....	1921-33		
U. S. Button Co., Muscatine, Iowa.....	1921-33		
Wisconsin Pearl Button Co., La Crosse, Wis.....	1921-33		
Atlantic & Gulf Export Co., Jacksonville, Fla.....		38	1921
This association filed papers in 1921, with intention of exporting naval stores; but never came into operation. Its president, W. B. Gillican, joined the Naval Stores Export Corporation, formed under the act in 1923.			
<i>Members (stockholders)</i>			
Aycock, Thos. J., Turpentine Co., Loughridge, Fla.....			
Baldwin-Lewis Co., Jacksonville.....			
Brooks-Scanlon Corporation, Biloxi, Miss.....			
Bullard, A. F., De Funiak Springs, Fla.....			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Atlantic & Gulf Export Co.—Continued.			
Coachman, W. F., Jacksonville.....			
Columbia Naval Stores Co., Savannah.....			
Consolidated Naval Stores Co., Jacksonville....			
Cranford, J. A., Jacksonville.....			
Darling, A. C., Andalusia, Ala.....			
Davis, J. B., & Co., De Funiak Springs, Fla.....			
Downing Co., Brunswick, Ga.....			
Fendig, A., Brunswick, Ga.....			
Fleishel, M. L., Jacksonville.....			
Flynn, D. M., Jacksonville.....			
Flynn-Harris-Bullard Co., Jacksonville.....			
Foley, J. S., Eastport, Fla.....			
Gay, D. J., Biloxi, Miss.....			
Gillican, W. B., New Orleans.....			
Gillican, W. B., agent, New Orleans.....			
Green, Charles, Laurel, Miss.....			
Guild, W. E., Jackson, Miss.....			
Kelly, W. J., Jacksonville.....			
Knox, L. J., Mobile, Ala.....			
Lewis, J. G., Jacksonville.....			
McIntosh, O. T., Savannah.....			
Medlin, J. L., Jacksonville.....			
Nash, J. C., Savannah.....			
Operators Naval Stores Co., Jacksonville.....			
Peninsular Naval Stores Co., Jacksonville.....			
Powell, John H., Jacksonville.....			
Putnam Lumber Co., Jacksonville.....			
Rose and Dasher, Valdosta, Ga.....			
Rose, E. P., Valdosta, Ga.....			
Southern States Naval Stores Co., Savannah....			
Taylor, J. A., New Orleans.....			
Wade, N. G., Jacksonville.....			
Weibert, H., Jacksonville.....			
Williams & Rose, Valdosta, Ga.....			
Automatic Pearl Button Export Co., Inc., Muscatine, Iowa.....		6	1921-29
Organized to handle export business of the Automatic Button Co.; was also a member of the Associated Button Exporters of America, Inc., filing under the act. Operated on a small scale for several years, but found it impossible to compete with foreign producers, and therefore dissolved the export company in 1929.			
<i>Members (stockholders)</i>			
Automatic Pearl Button Co., Muscatine, Iowa.....	1921-29		
Coates, J. H., Rowayton, Conn.....	1921-25		
Fack, H. H., Muscatine, Iowa.....	1921-29		
Unlandt, A. M., Muscatine, Iowa.....	1927-29		
Unlandt, Carl H., Muscatine, Iowa.....	1925-29		
Unlandt, Wm., Muscatine, Iowa.....	1921-29		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
California Alkali Export Association, Los Angeles Ships soda ash and products thereof to foreign countries, cooperating with the U. S. Alkali Export Association, an older group operating under the act. Among other advantages, the association reports that export shipments are so distributed "that foreign markets are not periodically glutted with our soda ash by too much tonnage at one time."	-----	3	1936-39
<i>Members (stockholders)</i>			
American Potash & Chemical Corporation, Los Angeles-----	1936-39		
Pacific Alkali Co., Los Angeles-----	1936-39		
West End Chemical Co., Oakland, Calif-----	1936-39		
California Dried Fruit Export Association, San Francisco Ships dried fruits to foreign markets, reporting as the outstanding advantages of association operation "uniform sales terms and sound trade customs" in export trade, the association providing for inspection and certification of goods exported. Its membership is divided into 2 parts, including packers and merchants:	-----	54	1925-39
<i>Packers' Division</i>			
Balfour-Guthrie & Co., Ltd., San Francisco----	1932-39		
Barron-Gray Packing Co., San Jose-----	1925-29		
Bonner Packing Co., Fresno-----	1928-39		
California Packing Corporation, San Francisco----	1925-39		
California Prune & Apricot Growers' Association, San Jose-----	1925-39		
Consolidated Packing Co., San Francisco-----	1933-39		
Coykendall, Inc., Berkeley, Calif.-----	1925-29		
Dick, C. L., & Co., San Jose-----	1934-39		
El Solyo Ranch, Vernalis, Calif-----	1929-39		
Garcia & Maggini Co., San Francisco-----	1925-30		
Guggenlime & Co., San Francisco-----	1925-39		
Harlan, O. A., & Co., San Jose-----	1925-32		
Herbert, Geo. N., Inc., San Jose-----	1925-37		
Horst, E. Clemens, Co., San Francisco-----	1928-39		
Inderrieden, J. B., Co., San Francisco-----	1928-35		
Jenks, W. T., Co., Inc., San Jose-----	1929-34		
Malaga Packing Co., Fresno-----	1925-27		
Napa Fruit Co., Napa, Calif-----	1925-39		
Pacific Coast Cannery, Inc., Oakland-----	1926-28		
Richmond-Chase Co., San Jose-----	1925-39		
Rosenberg Bros. & Co., San Francisco-----	1925-39		
Smith-Frank Packing Co., Sacramento-----	1925-27		
Turlock Dehydrating & Packing Co., Inc., Turlock, Calif.	1937-39		
Warren Dried Fruit Co., San Jose-----	1930-39		
Wilbur-Ellis Co., San Francisco-----	1933-38		

**120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued**

	Years	Total number of members	Period of association operation
California Dried Fruit Export Association—Con.			
<i>Merchants Division</i>			
Abeling, Geo., Co., San Francisco.....	1929-39		
Andersen, F. E., Co., San Francisco.....	1939		
Atkins Kroll & Co., Inc., San Francisco.....	1928-39		
Balfour-Guthrie & Co., San Francisco.....	1925-32		
Beesemyer-Waggoner, Inc., Los Angeles.....	1926-27		
Berelson, D. B., & Co., San Francisco.....	1938-39		
California Fruit Selling Co., San Francisco....	1925-38		
California Pacific Mer. Co., San Francisco.....	1926-27		
Catz American Co., San Francisco.....	1925-33		
Eyre, Edward L., & Co., San Francisco.....	1929-34		
Feibusch, M., San Francisco.....	1929-39		
Field, Walter M., & Co., San Francisco.....	1925-39		
General Commercial Co., Ltd., San Francisco..	1925-30		
Geron, Geo. A., San Francisco.....	1939		
Gomperts, Jack, & Co., San Francisco.....	1935-39		
Hall, Harry, & Co., Inc., San Francisco.....	1925-39		
Newhall, H. M., & Co., San Francisco.....	1925-32		
O'Malley-Abeling Co., San Francisco.....	1927-29		
O'Neill, Eugene M., San Francisco.....	1926-32		
Otis, McAllister & Co., San Francisco.....	1925-39		
Parrott & Co., San Francisco.....	1928-39		
Peabody, Henry W., & Co., San Francisco....	1928-32		
Schuckl & Co., San Francisco.....	1925-37		
Sievers, Paul F. L., San Francisco.....	1939		
Smillie, Chas. F., & Co., San Francisco.....	1925-29		
Stahlbaum, Rolf, San Francisco.....	1926-32		
Waggoner, Norman L., Inc., San Francisco....	1927-33		
Wilbur-Ellis Co., San Francisco.....	1930-33		
Wileman Bros. & Elliott, San Francisco.....	1939		
California Prune Export Association, San Francisco.....		7	1936-39
Organized in 1936, to meet special conditions in the prune export trade, the first agreement was limited to a 3-month period, but was thereafter extended to 20 years; and the association has served when needed. Its members are, with one exception, members of the California Dried Fruit Export Association, and the two associations have the same secretary.			
<i>Members</i>			
California Packing Corp., San Francisco.....	1936-39		
California Prune & Apricot Growers Assoc., San Jose.....	1936-39		
Guggenheim & Co., San Francisco.....	1936-39		
Libby, McNeil & Libby, San Francisco.....	1936-39		
Richmond-Chase Co., San Jose.....	1936-39		
Rosenberg Bros. & Co., San Francisco.....	1936-39		
Warren Dried Fruit Co. (associate member) San Jose.....	1938-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
<p>California Rice Exporters, San Francisco----- Organized in 1939 to export rice and rice products to foreign markets.</p> <p style="text-align: center;"><i>Members</i></p> <p>Capital Rice Mills, San Francisco----- Grosjean, C. E., Rice Milling Co., San Francisco----- Rice Growers Assoc. of Cal., Sacramento----- Rosenberg Bros. & Co., San Francisco----- Woodland Rice Co., Woodland, Calif-----</p>	-----	5	1939
<p>California Sardine Export Association, San Francisco----- Organized in 1928, the association did some work toward development of export trade, placing members in contact with new markets and buyers, furnishing information on export markets, and entering into agreements for standardization of the pack. But there was a serious break in price in 1929, some members were unwilling to sell at lower prices, and the association became inoperative, filing no reports after 1930.</p> <p style="text-align: center;"><i>Members</i></p> <p>Booth, F. E., Co., Inc., San Francisco----- California Packing Corporation, San Francisco----- Carmel Canning Co., San Francisco----- Coast Fishing Co., Wilmington, Calif----- Del Mar Canning Corporation, Monterey, Calif----- Franco-Italian Packing Co., Terminal Island, Calif----- French Sardine Co., Inc., Terminal Island, Calif----- General Fisheries Corporation, San Pedro, Calif----- Gross, E. B., Canning Co., Monterey, Calif----- Hovden, K., Co., Monterey, Calif----- Italian Food Products Co., Long Beach, Calif----- Kittle-Joerissen Canning Co., Terminal Island----- Linde Packing Corporation, Terminal Island, Calif----- L. A. Sea Food Packing Co., Terminal Island, Calif----- Monterey Canning Co., Monterey, Calif----- San Carlos Canning Co., Monterey, Calif----- San Xavier Fish Packing Co., San Francisco----- Sea Pride Canning Co., Monterey, Calif----- Southern California Fish Corporation, Terminal Island, Calif----- Stafford Packing Co., Wilmington, Calif----- Toyo Fisheries Co., Inc., Wilmington, Calif----- Van Camp Sea Food Co., Inc., Terminal Island, Calif----- Wedum Packing Co., Wilmington, Calif-----</p>	----- 1928-30 1928-29 1928-30 1928-29 1929-30 1928-30 1928-30 1929-30 1928-30 1928-30 1928-30 1928-30 1928 1929-30 1928 1928-30 1928-29 1928-29 1928-30 1928-30 1928 1928 1928-30 1928 1928-30	23	1928-30

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Canned Foods Export Corporation, Washington, D. C.		4	1919-23
Organized in 1919 to export canned foods, the corporation maintained an office with the National Cannery Association, and invited members of the cannery association to join and subscribe to stock. Not sufficient interest was shown, and no business was transacted. The corporation filed papers until 1923, then became dissolved.			
<i>Organizers were—</i>			
Baines, John R., Baltimore, Md.			
Polk, Ralph B., Greenwood, Ind.			
Shriver, Jos. N., Westminster, Md.			
<i>Stock was issued to—</i>			
Nardin, Wm. T., St. Louis, Mo., (Mr. Nardin became vice president of the American Milk Products Corporation, now operating under the act as the General Milk Co., Inc.).			
Carbon Black Export Association, Inc., New York.		7	1929-33
Operating from 1929 to 1933 under depression conditions, the association reported that "by acting in concert, members were able to establish safeguards in connection with trade in such foreign countries where currencies were unstable and exchange transactions extremely difficult." In 1933 the association became dissolved, and in 1934 four of the member companies joined with others to form the Carbon Black Export, Inc., under the act.			
<i>Members (stockholders)</i>			
Binney & Smith Co., New York.....	1929-33		
Cabot, Godfrey L., Inc., Boston.....	1929-32		
Greeff, R. W., & Co., Inc., New York.....	1929-33		
Huber, J. M., Inc., New York.....	1929-33		
Palmer Gas Products Corporation, The, Chicago.....	1929-33		
United Carbon Co., Charleston, W. Va.....	1929-33		
Wishnick-Tumpeer, Inc., New York.....	1932-33		
Carbon Black Export, Inc., New York.....		9	1935-39
Ships carbon black to foreign countries. Among other advantages, it is reported that centralized operation of the association has enabled the members to share the risks in exportation during the depression period. Membership includes some of the companies that held stock in the Carbon Black Export Association, Inc., as well as others.			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Carbon Black Export, Inc.—Continued.			
<i>Members (stockholders)</i>			
Cabot, Godfrey L., Inc., Boston.....	1935-39		
Century Carbon Co., New York.....	1935-36		
Columbia Carbon Co., New York.....	1935-39		
Huber, J. M., Corporation, New York.....	1935-39		
Johnson, Chas. Eneu. & Co., Philadelphia....	1936-39		
Palmer Carbon Co., The, Chicago.....	1935		
Panhandle Carbon Co., New York.....	1935-39		
Texas Carbon Industries, Inc., Sayre, Okla....	1935-36		
United Carbon Co., Inc., Charleston, W. Va....	1935-39		
Carolina Wood Export Corporation, Norfolk, Va....	-----	14	1919-23
Organized in 1919 to ship lumber and wood products to foreign countries; the association reported in 1920 that it was unable to carry on business due to the prevailing rates of exchange and depressed conditions in foreign lumber markets. The business was liquidated in 1923.			
<i>Members (stockholders)</i>			
Adams & Graham, Hamlet, N. C.....	1919-23		
Burton, E. P., Lumber Co., Charleston, S. C....	1919-23		
Camp Manufacturing Co., Franklin, Va.....	1919-23		
Eureka Lumber Co., Washington, N. C.....	1919-23		
Fosburgh Lumber Co., Norfolk, Va.....	1919-23		
Home Building & Material Co., The, Asheboro, N. C.....	1919-23		
Jennings, J. F., Bamberg, S. C.....	1919-23		
Marion County Lumber Corporation, Franklin, Va.....	1919-23		
Montgomery Lumber Co., Suffolk, Va.....	1919-23		
Nichols, W. S., South Boston, Va.....	1919-23		
Roper, John L., Lumber Co., Norfolk, Va.....	1919-23		
Rowland Lumber Co., Norfolk, Va.....	1919-23		
South Atlantic Lumber Co., Greensboro, N. C....	1919-23		
Tuxbury, A. C., Lumber Co., Charleston, S. C....	1919-23		
Cement Export Co., The, Philadelphia and New York.....	-----	15	1919-39
Organized in 1919 to ship cement to foreign countries, the company operated for about 2 years, then reported inactivity due to the fact that export business could not be carried on profitably, and that the increasing demand for cement in this country had made export sales unattractive. The company has not become dissolved, and continues to file reports with the Commission.			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Cement Export Co., The—Continued.			
<i>Members (stockholders)</i>			
Allentown Portland Cement Co., Allentown, Pa.....	1919-39		
Dexter Portland Cement Co., Nazareth, Pa....	1919-33		
Giant Portland Cement Co., Philadelphia.....	1919-39		
Glens Falls Portland Cement Co., Glens Falls, N. Y.....	1919-39		
Helderberg Cement Co., Albany, N. Y.....	1919-33		
Hercules Cement Corporation, Philadelphia....	1919-39		
Knickerbocker Portland Cement Co., New York.....	1919-33		
Lawrence Portland Cement Co., New York....	1919-39		
Lone Star Cement Co. of New York, New York..	1933-39		
Lone Star Cement Co. of Pennsylvania, New York.....	1933-39		
Nazareth Cement Co., Nazareth, Pa.....	1919-39		
North American Cement Co., Albany, N. Y....	1933-39		
Pennsylvania Cement Co., New York.....	1919-33		
Pennsylvania Dixie Cement Co., New York....	1933-39		
Phoenix Portland Cement Co., Philadelphia....	1919-33		
Chalmers, Harvey, & Son Export Corporation, Amsterdam, N. Y.....		1	1921-31
Organized in 1919 to export buttons and button materials manufactured by Harvey Chalmers & Son and by the Hampshire Pearl Button Co., the association found that competition of foreign producers, especially Japanese, made it impossible to export profitably. It filed papers under the act until 1931, then become dissolved.			
<i>All stock held by—</i>			
Hampshire Pearl Button Co., Amsterdam, N. Y., which was also a member of Associated Button Exporters of America, Inc. (operating under the act).			
Clandere Export Corporation, New York.....		3	1921-23
Organized in 1921 to take over the export business of Leo H. Hirsch & Co., the corporation was also a member of Associated Button Exporters of America (operating under the act). In 1923 it reported that the condition of the European markets was such as to make it impossible to do export business; the corporation was therefore dissolved.			
<i>Members (stockholders)</i>			
Goldfrank, Lionel, New York.....	1921-23		
Hirsch, Leo H., New York.....	1921-23		
Joseph, J. S., New York.....	1921-23		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Consolidated Steel Corporation, New York----- Organized in 1919 to export iron and steel products, the corporation established agencies abroad and did a substantial business for several years, reporting in 1922 that "We consider that we have achieved a more distinct success by acting under the Webb-Pomerene law, than our member companies could have had individually * * * there can be no doubt that each of the companies that we represent has, by selling through us, done so at a lower cost than it could have by selling independently. Selling to export comprises a number of operations which do not always obtain in domestic selling, such as the problems of ocean transportation and insurance, foreign credits and collections, special invoicing, packing and marking. Certainly no one of our member companies could maintain foreign agencies individually, as economically as we maintain them, acting for all." The association became dissolved in 1923, but some of its members joined the Steel Export Association of America, which was organized under the act in 1928.	-----	11	1919-23
<i>Members (stockholders)</i>			
Bethlehem Steel Co., South Bethlehem, Pa.----	1919-23		
Brier Hill Steel Co., The, Youngstown, Ohio----	1919-23		
Cambria Steel Co., Philadelphia-----	1919-21		
Lackawanna Steel Co., Buffalo, N. Y.-----	1919-23		
Lukens Steel Co., Coatesville, Pa.-----	1919-23		
Midvale Steel & Ordnance Co., New York-----	1919-23		
Republic Iron & Steel Co., New York-----	1919-23		
Sharon Steel Hoop Co., Sharon, Pa.-----	1919-23		
Trumbull Steel Co., The, Warren, Ohio-----	1919-23		
Whitaker-Glessner Co., Wheeling, W. Va.-----	1919-23		
Youngstown Sheet & Tube Co., Youngstown, Ohio-----	1919-23		
Copper Export Association, New York----- Organized in 1919 to export copper (all unmanufactured metallic copper) the association served as selling agent for its members and did a substantial business. In 1924 a number of its members resigned. In 1926 some of its members joined the newly formed Copper Exporters, Inc. (under the act), but retained also their membership in Copper Export Association. In 1933 the certificate of incorporation was amended to include business other than export, and the association therefore withdrew from operation under the Export Trade Act.	-----	27	1919-33

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Copper Export Association—Continued.			
<i>Members (stockholders)</i>			
American Smelting & Refining Co., New York	1919-24		
Anaconda Copper Mining Co., New York	1919-33		
Arizona Copper Co., Clifton, Ariz	1919-24		
Calumet & Arizona Mining Co., Calumet, Mich	1919-24		
Calumet & Hecla Mining Co., Boston	1919-32		
Chino Copper Co., New York	1919-26		
Consolidated Coppermines Co., New York	1919-26		
Greene Cananea Copper Co., New York	1919-33		
Guggenheim Bros., New York	1922-24		
Inspiration Consolidated Copper Co., New York	1919-33		
International Smelting Co., New York	1919-33		
Kennecott Copper Corporation, New York	1919-24		
Lewisohn, Adolph, & Sons, New York	1919-21		
Miami Copper Co., New York	1919-20		
Mother Lode Coalition Mines, New York	1922-24		
Nevada Consolidated Copper Co., New York	1919-24		
New Cornelia Copper Co., Calumet, Mich	1919-31		
Nichols Copper Co., New York	1919-22		
North Butte Mining Co., New York	1919-26		
Phelps Dodge Corporation, New York	1919-24		
Ray Consolidated Copper Co., New York	1919-26		
Tennessee Copper Co., New York	1919-20		
United Metals Selling Co., New York	1919-33		
United Verde Copper Co., New York	1919-32		
United States Smelting, Refining & Mining Co., New York	1919-32		
Utah Copper Co., New York	1919-24		
Utah Consolidated Mining Co., New York	1919-26		
Copper Exporters, Inc., New York	-----	19	1926-39
Organized in 1926, for exportation of copper and copper products to foreign markets, the company included some members of the Copper Export Association. The company had a substantial business until 1933, when a number of members withdrew. Reports are still sent to the Commission, but the company is at present inactive.			
<i>Members (stockholders)</i>			
American Metal Co., Ltd., The, New York	1926-33		
American Smelting & Refining Co., New York	1926-33		
Anaconda Copper Mining Co., New York	1926-39		
Calumet & Arizona Mining Co., Calumet, Mich	1926-31		
Calumet & Hecla Consolidated Copper Co., Boston	1926-33		
Copper Range Co., New York	1926-33		
Inspiration Consolidated Copper Co., New York	1926-39		
International Metal Co., New York	1926-33		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Copper Exporters, Inc.—Continued.			
International Minerals & Metals Corporation, New York.....	1926-32		
Kennecott Copper Corporation, New York.....	1926-33		
Mother Lode Coalition Mines Co., New York.....	1926-33		
Nevada Consolidated Copper Co., New York.....	1926-33		
New Cornelia Copper Co., Calumet, Mich.....	1926-29		
Nichols Copper Co., New York.....	1926-39		
Old Dominion Co., Boston.....	1926-33		
Phelps Dodge Corporation, New York.....	1926-33		
Todd, W. Parsons, Inc., New York.....	1927-33		
United Verde Copper Co., New York.....	1926-33		
Utah Copper Co., New York.....	1926-33		
Davenport Pearl Button Export Co., Davenport, Iowa.....		1	1921-31
Organized in 1921 to take over the export business of the Davenport Pearl Button Co., the export company was also a member of the Associated Button Exporters of America, Inc. (operating under the act). Exportation was found to be unprofitable, due to foreign competition, especially Japanese. Papers were filed for a number of years, until the company was dissolved in 1931.			
<i>All stock held by—</i>			
Davenport Pearl Button Co., Davenport, Iowa.			
Delta Export Lumber Corporation, Memphis, Tenn.....		31	1922-26
Organized in 1922 to export red-gum forest products (lumber and logs), the company operated successfully for several years. It reported that "we are thoroughly convinced that an association such as our own is equipped to handle foreign business more efficiently than could possibly be done by any individual or firm. In our opinion, the outstanding advantages obtained by the operation of this corporation are the ability to collectively maintain offices in the foreign markets, and securing a sufficient volume of business to hold the percentage of operating cost to a reasonable figure, and such a plan would be impossible for the small individual operator; to push sales of products for export, through a joint foreign-selling office; to standardize grades and quality under registered brands; to fix definite and reasonable terms of payment; to provide for the prompt and fair adjustment of claims on shipments; to deal effectively with the railroad and steamship lines, freight rates, and on matters of port and dock facilities; and the loading and discharging of cargo. Practically all of			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Delta Export Lumber Corporation—Continued.			
<p>these features can be handled more effectively by a large organization, with a large volume, than they could possibly be handled with small individual operators, unorganized and each with small volume. By having a direct representative and office in the foreign markets, we have been able to develop an increased consumption of certain species of our forest products, showing the consumer that certain of the products which we manufacture are better suited to his needs than foreign woods that he has been using; and this has resulted in an increased demand for our woods. * * * Collectively we are enabled to keep a representative in the foreign market to promptly, fairly, and equitably adjust claims and settle disputes when they arise. We find that by having our representative available, the percentage of claims made and the cost of adjusting them is very small. Further, we are able to make firm sales and arrange terms of payment for full amount of our invoices when goods go forward, because the reliable and reputable foreign broker and foreign importers know they are dealing with a responsible organization, with a local representative available, and that if goods arrive not fully up to specifications or damaged in transit, that any legitimate and proper claim will be promptly and equitably adjusted."</p> <p>In 1926 low prices abroad and keen competition from mills, with shorter and less expensive freight haul, made exportation unprofitable; the corporation was, therefore, dissolved.</p>			
<i>Members (stockholders)</i>			
Anderson Tully Co., Memphis, Tenn.....	1922-26		
Archer Lumber Co., Helena, Ark.....	1922-25		
Barr Holaday Lumber Co., Greenfield, Ohio..	1922-26		
Bayou Land & Lumber Co., Memphis, Tenn..	1922-26		
Brown, Geo. C., & Co., Memphis, Tenn.....	1922-26		
Brown, Mark H., Lumber Co., Lake Providence La.....	1922-26		
Brown, W. P., & Sons Lumber Co., Louisville, Ky.....	1922-26		
Brown & Hackney, Memphis, Tenn.....	1922		
Carrier Lumber & Manufacturing Co., Sardis, Miss.....	1922-26		
Chapman & Dewey Lumber Co., Memphis, Tenn.....	1922-26		
Chess & Wymond Co., Louisville, Ky.....	1924-26		
Chicago Mill & Lumber Co., Chicago.....	1925-26		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Delta Export Lumber Corporation—Continued.			
Delta Hardwood Lumber Co., Rayville, La.	1922-26		
Gayoso Lumber Co., Memphis, Tenn.	1922		
Hackney, R. J., Lumber Co., Memphis, Tenn.	1922-26		
Holly Ridge Lumber Co., Louisville, Ky.	1922-24		
Howe Lumber Co., Helena, Ark.	1922-26		
Howe Neely Lumber Co., Helena, Ark.	1922-26		
Hyde Lumber Co., South Bend, Ind.	1922-25		
Lamb Gary Lumber Co., Vicksburg, Miss.	1923-26		
May Bros., Memphis, Tenn.	1922-26		
Memphis Band Mill Co., Memphis, Tenn.	1922-26		
Miller Lumber Co., Mariana, Ark.	1922-26		
McIntyre, J. F., & Sons, Pine Bluff, Ark.	1922-26		
Nickey Bros., Memphis, Tenn.	1922-26		
Norman, E. B., & Co., Louisville, Ky.	1923-26		
Paepcke Leicht Lumber Co., Chicago, Ill.	1922-25		
Penrod Jurden Co., Memphis, Tenn.	1922-26		
Stark, Jas. E., & Co., Memphis, Tenn.	1922-26		
Stimson, J. V., Hardwood Co., Memphis, Tenn.	1922-26		
Stimson Veneer & Lumber Co., Memphis, Tenn.	1922-26		
Douglas Fir Exploitation & Export Co., San Francisco. Name changed in 1937 to Douglas Fir Export Co., Seattle.		277	1918-39
Formed in 1918 to sell lumber and logs (fir, hemlock, cedar) for export to foreign countries; has been in continuous operation to present date. The association reports the following advantages: Economic sales cost through centralized offices and through agencies and correspondents not accessible to individual firms; establishing uniform sales terms, grades, and practices, in export trade; obtaining and disseminating foreign-trade information from and to the members; and carrying on trade-promotion work which could not be done by individual firms owing to cost involved.			
<i>Members (stockholders)</i>			
Aberdeen Lumber & Shingle Co., Aberdeen, Wash.	1918-21		
Alexander, F. W., stock trustee, Seattle.	1919-39		
American Mill Co. (called Hulbert Mill Co.), Aberdeen, Wash.	1922-26		
Ames, E. G., Seattle, Wash.	1918-26		
Anacortes Lumber & Box Co., Anacortes, Wash.	1931-37		
Anderson & Middleton Lumber Co., Aberdeen, Wash.	1918-27		
Astoria Box & Paper Co., Astoria, Oreg.	1931-35		
Astoria Box Co., Astoria, Oreg.	1920-21		
Atlas Lumber & Shingle Co., Seattle.	1921-22		
Atlas Lumber Co., Seattle.	1921-24		
Babcock, Thorpe, Hoquiam, Wash.	1926-29		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Baxter, A. A., Seattle.....	1923-28		
Bay City Lumber Co., Aberdeen, Wash.....	1918-22		
Bay Park Lumber Co., North Bend, Ore.....	1920-24		
Beaver Linnton Lumber Co., Portland, Ore.....	1927-28		
Beaver Linnton Mills, Portland, Ore.....	1924-27		
Beaver Lumber Co., Prescott, Ore.....	1918-27		
Bishop, E. K., Lumber Co., Aberdeen, Wash.....	1923-38		
Bissell Lumber Co., Seattle, Wash.....	1931-33		
Bloedel Donovan Lumber Mills, Bellingham, Wash.....	1918-39		
Bloedel, J. H., Seattle.....	1918-39		
Bolcom-Canal Lumber Co., Seattle.....	1920-21		
Boner, W. H., Everett, Wash.....	1918-25		
Booth-Kelly Lumber Co., Eugene and Portland, Ore.....	1921-39		
Brace & Herget Mill Co., Seattle.....	1920-21		
Bridal Veil Timber Co., Bridal Veil, Ore.....	1930-37		
Brighton Mills Co., Brighton and Portland, Ore.....	1921-27		
Brix, P. J., Portland, Ore.....	1920-27		
Bryant Lumber Co., Seattle.....	1920-27		
Buchanan Lumber Co., Olympia, Wash.....	1920-36		
Buehner Lumber Co., North Bend, Ore.....	1918-22		
Burnside, R. H., Raymond and Portland, Ore.....	1918-32		
Cahill, A. B., San Francisco.....	1922-28		
Campbell Mill Co., Seattle.....	1920-24		
Canyon Lumber Co., Everett, Wash.....	1918-35		
Carlisle Lumber Co., Onalaska, Wash.....	1931-36		
Carlisle Pennell Lumber Co., Onalaska, Wash.....	1921-24		
Carnation Lumber Co., Forest Grove, Ore.....	1931-39		
Cascade Lumber & Shingle Co., Snohomish, Wash.....	1922-27		
Cascade Lumber Co., Snohomish, Wash.....	1927-29		
Chambers, J. H., & Son, Cottage Grove, Ore.....	1931-39		
Chehalis Mill Co., Salkum, Wash.....	1934-39		
Chipman, L. L., Longview, Wash.....	{ 1925-27 1931-32		
Christenson, E. A., San Francisco.....	1918-22		
Claekamas Fir Lumber Co., Portland, Ore.....	1934-39		
Clark & Wilson Lumber Co., Portland, Ore.....	{ 1918-19 1931-32		
Clark-Nickerson Lumber Co., Everett, Wash.....	1918-32		
Clark, O. M., Linnton, Ore.....	1918-19		
Clark, W. W., Portland, Ore.....	1931-32		
Clear Fir Lumber Co., Tacoma, Wash.....	1918-35		
Clear Lake Lumber Co., Clear Lake, Wash.....	1921-27		
Clough, H. J., Everett, Wash.....	1922-25		
Clough Lumber Co., Stanwood, Wash.....	{ 1922-23 1927-33		
Cobbs & Mitchell Co., Portland, Ore.....	{ 1921-24 1931-39		
Columbia Box & Lumber Co., South Bend, Wash.....	{ 1919-22 1925-28		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Columbia County Lumber Co., St. Helens, Oreg.....	1919-23		
Columbia River Lumber Co., Kalama, Wash.....	1919-22		
Columbia River Paper Mills, Portland, Oreg....	1931-32		
Condon, R. W., Seattle, Wash.....	1927-28		
Connell, Sam, Lumber Co., Portland, Oreg.....	1919-21		
Cook, A. W., Jr., Portland, Oreg.....	1930-31		
Cooney, Neil, Cosmopolis, Wash.....	1927-29		
Coos Bay Logging Co., North Bend, Oreg.....	1924-32		
Coos Bay Lumber Co., Marshfield, Oreg.....	1925-27		
Corvallis Lumber Co., Corvallis, Oreg.....	1930-39		
Cram, W. S., Raymond, Wash.....	1922-28		
Crossett Western Co., Wauna, Oreg.....	1924-39		
Crossett Western Lumber Co., Wauna, Oreg....	1918-24		
Crown Lumber Co., Mukilteo, Wash.....	1918-38		
Danaher Lumber Co., Tacoma, Wash.....	1918-22		
Defiance Lumber Co., Tacoma, Wash.....	1918-39		
Demarest, E. W., Tacoma, Wash.....	{ 1922-33 1935-39		
Dempsey Lumber Co., Tacoma, Wash.....	1918-38		
DesChutes River Sawmills, Olympia, Wash.....	1931-35		
Dichter, Theo., Warrenton, Oreg.....	1933-39		
Dickman Lumber Co., Tacoma, Wash.....	1922-39		
Dole, W. H., Hoquiam, Wash.....	1929-34		
Dolge, Ernest, Tacoma, Wash.....	{ 1922-23 1936-39		
Dolge, Ernest, Inc., Tacoma, Wash.....	1919-39		
Dollar Portland Lumber Co., Tacoma, Wash.....	1924-28		
Donovan, J. J., Bellingham, Wash.....	1918-19		
Donovan Lumber Co., Aberdeen, Wash.....	1918-39		
Donovan Lumber Co., Mill No. 2, Aberdeen, Wash.....	1925-39		
Donovan, Wm., Aberdeen, Wash.....	1918-38		
Doud, L. L., Tacoma, Wash.....	1924-39		
DuBois Lumber Co., Vancouver, Wash.....	1920-39		
DuBois, W. B., Vancouver, Wash.....	1923-39		
Duwamish Lumber Co., Seattle, Wash.....	1921-25		
Eagle Lumber Co., Portland, Oreg.....	1921-39		
East Side Mill Co., Tacoma, Wash.....	1931-38		
East Side Mill & Timber Co., Portland, Oreg....	1931-35		
Eatonville Lumber Co., Eatonville, Wash.....	1921-39		
Eclipse Mill Co., Everett, Wash.....	1931-33		
Ellis Mylroie Lumber Co., Seattle, Wash.....	1920-22		
Eureka Cedar Lumber & Shingle Co., Hoquiam, Wash.....	1918-24		
Ferry Baker Lumber Co., Everett, Wash.....	1918-26		
Fidalgo Mill & Lumber Co., Portland, Oreg....	1920-21		
Fir Products Co., Montesano, Wash.....	1920-22		
Fir Tree Lumber Co., Tacoma, Wash.....	1921-27		
Force, L. E., Seattle, Wash.....	1935-39		
Gange Lumber Co., Tacoma, Wash.....	1930-39		
Gerlinger, Geo. T., Portland, Oreg.....	1922-39		
Grays Harbor Commercial Co., Cosmopolis, Wash.....	1918-30		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Grays Harbor Lumber Co., Hoquiam, Wash.....	1919-22		
Gregory, J. T., Tacoma, Wash.....	1921-22		
Griggs, E. G., Tacoma, Wash.....	1918-38		
Gruber-Docherty Lumber Co., Yelm, Wash.....	1931-39		
Guerrier, J. P., Lumber Co., Portland, Oreg.....	1924-31		
Guistina Bros., Eugene, Oreg.....	1931-39		
Hambidge, R., Everett, Wash.....	1927-28		
Hammond, A. B., San Francisco.....	1919-24		
Hammond Lumber Co., Astoria, Oreg.....	1919-24		
Hanify Lumber Co., Raymond, Wash.....	1918-27		
Hart-Wood Lumber Co., Raymond, Wash.....	1924-32		
Hauptman, S. M., San Francisco.....	1918-33		
Helms, C. E., San Francisco.....	1933-35		
Henry Mill & Timber Co., Tacoma, Wash.....	1923-39		
Henry, W. Yale, Tacoma, Wash.....	1920-25		
Hill, Charles E., Seattle.....	1918-20		
Hoquiam Lumber & Shingle Co., Hoquiam, Wash.....	1918-29		
Hulbert Mill Co., Aberdeen, Wash.....	1918-22		
Island Lumber Co., St. Helens, Oreg.....	1919-26		
Johnson, E. E., Lumber Co., Coquille, Oreg.....	1925-28		
Jones Lumber Co., Portland, Oreg.....	1921-26		
Kalama Lumber & Shingle Co., Kalama, Wash.....	1918-19		
Kingsley, E. D., Linnton, Oreg.....	1922-38		
Kingsley, G. Arch, Linnton, Oreg.....	1938-39		
Kingsley Lumber Co., Linnton, Oreg.....	1937-39		
Kirk, H., Portland, Oreg.....	1918-23		
Kleeb Lumber Co., South Bend, Wash.....	1919-21		
Knapp, F. C., Portland, Oreg.....	1922-28		
Knappton Mills & Lumber Co., Knappton, Wash.....	1918-32		
Kreienbaum, C. H., Shelton, Wash.....	1933-39		
Lewis, Charles L., Raymond, Wash.....	1918-22		
	1930-31		
Lewis Lumber Co., Pengra and Dexter, Oreg.....	1935-39		
Lewis Mills & Timber Co., South Bend, Wash.....	1924-31		
Long Bell Lumber Co., Longview, Wash.....	1925-27		
Long Bell Lumber Sales Corporation, Longview, Wash.....	1931-32		
Manley Moore Lumber Co., Tacoma, Wash.....	1921-33		
Marine Lumber Co., Tacoma, Wash.....	1920-22		
McCleary, Henry, Timber Co., McCleary, Wash.....	1931-39		
McCormick, Chas. R., Lumber Co., San Francisco.....	1926-38		
McCready, Fred H., Aberdeen, Wash.....	1933-35		
	1938-39		
McKenna Lumber Co., McKenna, Wash.....	1921-32		
Mickle Mills, Portland, Oreg.....	1924-26		
Middleton, A. W., Aberdeen, Wash.....	1918-27		
Mineral Lake Lumber Co., Tacoma, Wash.....	1921-23		
Moore Mill & Lumber Co., Bandon, Oreg.....	1931-39		
Morris, J. E., Tacoma, Wash.....	1933-34		
Morrison Mill Co., Anacortes, Wash.....	1920-21		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Mountain Lumber Co., Tacoma, Wash.....	1925-39		
Multnomah Lumber & Box Co., Portland, Oreg.....	1931-33		
Mumby Lumber & Shingle Co., Bordeaux and Mumby, Wash.....	1921-39		
Mutual Lumber Co., Bucoda, Wash.....	1931-32		
National Lumber & Manufacturing Co., Hoquiam, Wash.....	1918-26		
Nelson, Chas., Co., San Francisco.....	1925-38		
Nettleton Lumber Co., Seattle.....	1921-39		
Nettleton, W. B., Seattle.....	1924-39		
Ninemire Lumber Co., Port Angeles, Wash.....	1925-26		
North Bend Mills & Lumber Co., North Bend, Oreg.....	1918-22		
North End Lumber Co., Tacoma, Wash.....	1920-38		
North Western Lumber Co., Hoquiam, Wash.....	1918-34		
Olympia Harbor Lumber Co., Olympia, Wash.....	1931-39		
Olympic Forest Products Co., Port Angeles, Wash.....	1931-37		
Oregon-American Lumber Corporation, Portland, Oreg.....	1925-39		
Oregon Box & Manufacturing Co., Portland, Oreg.....	1920-21		
Oregon Lumber Co., Dee, Oreg.....	1933-39		
Oregon Ship Timber Mills, Portland, Oreg.....	1920-21		
Oregon Timber Mills, Linnton, Oreg.....	1921-23		
Ostrander Ry. & Timber Co., Ostrander, Wash.....	1931-39		
Pacific Box Co., Tacoma, Wash.....	1919-21		
Pacific National Lumber Co., Tacoma, Wash.....	1921-39		
Pacific Spruce Corporation, Portland, Oreg.....	1925-29		
Pacific States Lumber Co., Tacoma, Wash.....	1921-39		
Page Lumber Co., Seattle, Wash.....	1921-23		
Paine, A. L., Hoquiam, Wash.....	1918-26		
P. & G. Lumber Co., Tacoma, Wash.....	1920-22		
Parker Lumber & Box Co., Everett, Wash.....	1925-27		
Parker-Poyneer Lumber Co., Everett, Wash.....	1927-31		
Peabody, W. H., Everett, Wash.....	1927-33		
Peninsula Lumber Co., Portland, Oreg.....	1918-28		
Penn Lumber Co., McGlynn, Oreg.....	1931-37		
Peterman Manufacturing Co., Tacoma, Wash.....	1931-33		
Pope & Talbot Lumber Co., San Francisco.....	1938-39		
Port Blakely Mill Co., Port Blakely, Wash.....	1918-24		
Portland Lumber Co., Portland, Oreg.....	1918-24		
Prouty Lumber & Box Co., Warrenton, Oreg.....	1931-39		
Puget Mill Co., Port Gamble, Wash.....	1918-26		
Puget Sound Lumber Co., Tacoma, Wash.....	1918-31		
Puget Sound Lumber Manufacturing Co., Renton, Wash.....	1931-37		
Puget Sound Mills & Timber Co., Port Angeles, Wash.....	1918-25		
Puget Sound Pulp & Timber Co., Clear Lake, Wash.....	1931-32		
Puget Sound Sawmills & Shingle Co., Bellingham, Wash.....	1919-30		
Quinault Lumber Co., Raymond, Wash.....	1918-27		
Raymond Lumber Co., Raymond, Wash.....	1918-31		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Raymond Veneer Co., Raymond, Wash.....	1920-21		
Rayonier, Inc., Port Angeles, Wash.....	1937-39		
Reed, Mark, Shelton, Wash.....	1931-33		
Reed Mill Co., Shelton, Wash.....	1931-36		
Ribenack, W. C., San Francisco.....	1924-28		
Robinson Manufacturing Co., Everett, Wash..	1931-32		
Ryan, J. A., Portland, Oreg.....	1925-27		
St. Helens Lumber Co., St. Helens, Oreg.....	1918-26		
St. Helens Tie & Timber Co., St. Helens, Oreg..	1922-23		
St. Paul & Tacoma Lumber Co., Tacoma, Wash..	1918-39		
Sammamish Lumber Co., Issaquah, Wash.....	1937-38		
Schwager Nettleton Lumber Co., Seattle.....	1918-20		
Seattle Mill & Logging Co., Seattle.....	1920-31		
Shaffer Box Co., Tacoma, Wash.....	1931-34		
Sharp, R. J., Tacoma, Wash.....	1933-36		
Ship Lumber Mill Co., Tacoma, Wash.....	1921-31		
Siler Mill Co., Raymond, Wash.....	1918-28		
Silver Falls Timber Co., Silverton, Oreg.....	1920-39		
Silverton Lumber Co., Silverton, Oreg.....	1921-25		
Simpson Logging Co., Shelton, Wash.....	1936-39		
Skookum Lumber Co., Tenino, Wash.....	{ 1921-22 1924-27 }		
Snellstrom Bros., Inc., Vaughan, Oreg.....	1931-38		
Snellstrom Lumber Co., Eugene, Oreg.....	1938-39		
Snoqualmie Falls Lumber Co., Snoqualmie Falls, Wash.....	1921-34		
South Bend Mills & Timber Co., South Bend, Wash.....	1918-21		
South Seattle Mill Co., Seattle.....	1924-25		
South Side Lumber Co., Montesano, Wash.....	1921-23		
Southeast Portland Lumber Co., Lents, Oreg..	1931-39		
Spaulding, Chas. K., Logging Co., Portland, Oreg.....	1921-39		
Springer Mill Co., Olympia, Wash.....	1931-39		
Standard Box & Lumber Co., Buxton and Portland, Oreg.....	1921-28		
Stimson Mill Co., Ballard, and Seattle, Wash..	1918		
	1931-39		
Stimson Timber Co., Seattle.....	1921-26		
	1931-32		
Stone, E. C., Seattle.....	1938-39		
Stout Lumber Co., North Bend, Oreg.....	1924-29		
Tacoma Harbor Lumber Co., Tacoma, Wash..	1924-39		
Tacoma Mill Co., Tacoma, Wash.....	1920-23		
Talbot, F. C., San Francisco.....	1935-36		
Talbot, W. H., San Francisco.....	1918-26		
Thane, A. F., San Francisco.....	1924-25		
Thayer, C. A., San Francisco.....	1918-24		
Thompson, J. W., Port Gamble, Wash.....	1928-31		
Tidewater Mill Co., Tacoma, Wash.....	1918-29		
Titcomb, F. R., San Francisco.....	1926-27		
	1931-33		
Tumwater Lumber Mills Co., Olympia, Wash..	1931-39		
Turner Creek Lumber Co., Yamhill, Oreg.....	1934-38		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Douglas Fir Exploitation & Export Co.—Con.			
Tyson, James, San Francisco.....	1918-38		
Van Vleet Lumber Co., Rainier, Oreg.....	1938-39		
Vincent, H. F., San Francisco.....	1924-39		
Wagner, Corydon, Tacoma, Wash.....	1938-39		
Walton, Clyde, Everett, Wash.....	1932-39		
Walton Lumber Co., Everett, Wash.....	1919-39		
Warrenton Lumber Co., Warrenton, Oreg.....	1920-25		
Washington Vencer Co., Olympia, Wash.....	1931-39		
Watzek, C. H., Wauna, Oreg.....	1928-39		
Wentworth, Geo. K., Jr., Portland, Oreg.....	1918-22		
Wentworth, L. J., Portland, Oreg.....	1918		
West, A. J., Lumber Co., Aberdeen, Wash.....	1918-28		
West Oregon Lumber Co., Linnton and Portland, Oreg.....	1918-39		
West Waterway Lumber Co., Seattle.....	1920-39		
Western Fir Lumber Co., Tacoma, Wash.....	1921-35		
Western Lumber Co., Aberdeen, Wash., and Westfir, Oreg.....	1918-37		
Western Mill Co. of Aberdeen, Aberdeen, Wash.....	1922-23		
Westport Lumber Co., Westport, Oreg.....	1918-39		
Westwood Lumber Co., Wheeler, Oreg.....	1925-28		
Weyerhaeuser Timber Co., Everett and Tacoma, Wash.....	1918-34		
Wheeler, Chas. L., San Francisco.....	1936-39		
Wheeler, C. H., Lumber Co., Portland, Oreg.....	1921-23		
Whitman, W. A., Seattle.....	1928-39		
Whitney Co., The, Tillamook and Garibaldi, Oreg.....	1920-27		
Wight, E. B., Everett, Wash.....	1925-27		
Willamette River Lumber Co., Oregon City and Portland, Oreg.....	1921-24		
Willamette Valley Lumber Co., Dallas and Portland, Oreg.....	1921-39		
Willapa Harbor Lumber Mills, Raymond, Wash.....	1931-32		
Willapa Lumber Co., Raymond, Wash.....	1918-31		
Wilson Bros. & Co., Aberdeen, Wash.....	1918-39		
Wilson, J. H., Aberdeen, Wash.....	1929-39		
Wood & Iverson, Inc., Hobart, Wash.....	1921-26		
Wood, E. K., Lumber Co., Aberdeen, Bellingham, Hoquiam, and Anacortes, Wash.....	1919-39		
Woodard, M. C., Westport and Portland, Oreg.....	1918-39		
Woodard, W. A., Lumber Co., Cottage Grove, Oreg.....	1931-39		
Yoemans Lumber Co., Pe Ell, Wash.....	1921-26		
Durex Abrasives Corporation, New York.....		9	1929-39
Organized in 1929 by some of the companies formerly exporting through the American Surface Abrasives Export Corporation, the association sells its members' products in foreign countries. It reports that "Ability to represent the members in foreign markets through shipments to distributors and con-			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Durex Abrasives Corporation—Continued.			
sumers in those markets, with the corollary function of central credit control, agreement upon price for export, plus economies of operation obtained through group shipments, give us advantages not possessed by individual exporters."			
<i>Members (stockholders)</i>			
American Glue Co., Boston-----	1929-31		
Armour & Co., Chicago-----	1929-39		
Baeder Adamson Co., Philadelphia-----	1929-31		
Barton, H. H., & Son, Philadelphia-----	1929-31		
Behr-Manning Corporation, Troy, N. Y.-----	1929-39		
Carborundum Co., The, Niagara Falls, N. Y.-----	1929-39		
Minnesota Mining & Manufacturing Co., St. Paul, Minn.-----	1929-39		
U. S. Sandpaper Co., Williamsport, Pa.-----	1929-31		
Wausau Abrasives Co., Wausau, Wis.-----	1929		
Electrical Apparatus Export Association, New York		28	1931-39
Organized in 1931, for exportation of electrical and other apparatus and materials to foreign markets.			
<i>Members</i>			
Allis Chalmers Manufacturing Co., Milwaukee	1937-39		
Allis, Louis, Co., The-----	1937-39		
Anaconda Wire & Cable Co., New York-----	1937-39		
Canadian Porcelain Co., Hamilton, Canada-----	1934-39		
Duncan Electric Manufacturing Co., Lafayette, Ind.-----	1936-39		
Electric Furnace Co., Salem, Ohio-----	1937-39		
Electric Service Supply Co., Philadelphia-----	1936-39		
Elliott Co., New York-----	1938-39		
Fretz-Moon Tube Co., Butler, Pa.-----	1939		
General Motors Corporation, Export Division, New York-----	1938-39		
Goodman Manufacturing Co., Chicago-----	1934-39		
International General Electric Co., New York-----	1931-39		
Jeffrey Manufacturing Co., Columbus, Ohio-----	1934-39		
Kelvinator, Detroit-----	1938-39		
Line Material Co., South Milwaukee-----	1936-39		
Nash Kelvinator Corporation, Detroit-----	1939		
National Electric Products Corporation, Pittsburgh-----	1939		
Norge Division, Borg-Warner Corporation, Detroit-----	1938-39		
Ohio Brass Co., New York-----	1934-39		
Okonite Co., The, Passaic, N. J.-----	1937-39		
Phelps Dodge Copper Products Corporation, New York-----	1937-39		
Reliance Electric & Engineering Co., New York-----	1938-39		
Sangamo Electric Co., Springfield, Ill.-----	1936-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Electrical Apparatus Export Association—Con. Sperry Gyroscope Co., Inc., Brooklyn, N. Y.---	1939		
U. S. Rubber Export Co., Ltd., New York-----	1937-39		
Walker Bros., New York-----	1939		
Westinghouse Electric & International Co., New York-----	1931-39		
Youngstown Sheet & Tube Co., New York-----	1939		
Electrical Export Corporation, Wilmington, Del.----- Organized in January 1940, to ship electrical apparatus and materials to foreign countries.		2	1940
<i>Members (stockholders)</i>			
International General Electric Co., Inc., N. Y.---			
Westinghouse Electric International Co., N. Y.---			
Export Clothes Pin Association of America, Inc., New York----- Organized in 1919 to ship wooden clothespins to foreign markets, the association operated successfully for several years. It reported as an outstanding advantage, ability of the members, through association action, to "present a solid front to foreign competition * * * acting independently the factories would be competing against each other and thus dissipating their strength." In 1929 their exports were considerably less due to foreign competition—German and Swedish producers undersold the American group from 5 to 10 percent. Members were unwilling to sell at the lower prices, and association exports were abandoned in 1930.		11	1919-30
<i>Members (stockholders)</i>			
Berst, Forster, Dixfield Co., Dixfield, Maine---	1920-30		
Cane, Wm., & Sons Co., Ltd., Newmarket, Ontario-----	1919-30		
Clarke Bros., Ltd., Bear River, Nova Scotia---	1920-21		
Escanaba Manufacturing Co., Escanaba, Mich.---	1919-23		
Fulton Manufacturing Co., Richwood, W. Va.---	1919-24		
Indiana Wood Products Co., Martinsville, Ind.-----	1919-30		
Northern Woodenware Co., Island Falls, Maine-----	1919-30		
Oval Wood Dish Co., Tupper Lake, N. Y.-----	1919-30		
Richmond Cedar Works, Richmond, Va.-----	1919-30		
Steele-Wallace Corporation, Richwood, W. Va.---	1924-30		
Summit Lumber Co., Davidson, Maine-----	1919-30		
Export Petroleum Association, Inc., New York----- Formed in 1929 for exportation of petroleum and petroleum products, the association included the Standard Oil Export Corporation (also filing papers under the act) and other			
		17	1929-36

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Export Petroleum Association, Inc.—Continued.			
companies. Substantial business was transacted prior to 1931, when conditions in foreign markets led to suspension of the association agreements; thereafter members sold individually. The association continued to file reports until formal dissolution in 1936.			
<i>Members (stockholders)</i>			
Atlantic Refining Co., Philadelphia.....	1929-36		
Cities Service Co., New York.....	1929-36		
Continental Oil Co., Ponca City, Okla.....	1930-32		
Gulf Refining Co., Pittsburgh.....	1929-36		
Marland Oil Co., Ponca City, Okla.....	1929-30		
Pure Oil Co., Chicago.....	1929-36		
Richfield Oil Co. of California, Los Angeles....	1929-36		
Shell-Union Oil Corporation, New York.....	1929-36		
Sinclair Consolidated Oil Co., New York.....	1929-36		
Standard Oil Co. of California, San Francisco....	1929-36		
Standard Oil Co. (Indiana), Chicago.....	1929-32		
Standard Oil Co. of New York, New York....	1929-36		
Standard Oil Export Corporation, New York....	1929-36		
Texas Corporation, The, New York.....	1929-36		
Tidewater-Associated Oil Co., New York.....	1929-36		
Union Oil Co. of California, Los Angeles.....	1929-36		
Vacuum Oil Co., New York.....	1929-36		
Export Screw Association of the United States, Providence, R. I.....		8	1926-39
The association was formed in 1926 for exportation of screws to foreign countries. During the past few years, its activities have been restricted by depressed conditions abroad, and by keen competition of continental and Japanese manufacturers; but the association is still filing papers under the act.			
<i>Members</i>			
American Hardware Corporation, New Britain, Conn.....	1926-27		
American Screw Co., Providence, R. I.....	1926-39		
Bridgeport Screw Co., Bridgeport, Conn.....	1926-39		
Continental Wood Screw Co., New Bedford, Mass.....	1930-39		
Corbin Screw Corporation, The, New Britain, Conn.....	1927-39		
Eagle Lock Co., New York.....	1926-39		
Parker, Charles, Co., The, New York.....	1926-39		
Reed & Prince Manufacturing Co., Worcester, Mass.....	1930-39		
Exporters of Wood Products, Inc., New York.....		7	1924-29
Organized in 1924 to ship barrel staves used for wine casks in Argentina, the association operated successfully in years when the grape			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
<p>Exporters of Wood Products, Inc.—Continued. crop in that country was good. In 1929 the members voted to dissolve, but several of them were still interested in export trade and therefore formed the Shook Exporters Association, which has been in operation since 1932 (see Shook Exporters Association.)</p> <p><i>Members (stockholders)</i></p> <p>Chickasaw Wood Products Co., Memphis, Tenn.-----</p> <p>Export Cooperage Co., Memphis, Tenn.-----</p> <p>Gulf Cooperage Co., Pittsburgh-----</p> <p>Hamlen, J. H., & Son, Portland, Maine-----</p> <p>Moore, Lucas E., Stave Co., New York-----</p> <p>Paducah Cooperage Co., Paducah, Ky-----</p> <p>Pekin Cooperage Co., New York-----</p>	<p>1924-29</p> <p>1924-29</p> <p>1924-29</p> <p>1924-29</p> <p>1924-26</p> <p>1925-29</p> <p>1924-29</p>		
<p>Exporting Rye Millers Association, Minneapolis, Minn.-----</p> <p>Formed in 1920 for the primary purpose of selling rye flour and meal to the Norwegian Government Food Commission, the association became dissolved when the Norwegian Government discontinued its purchases.</p> <p><i>Members</i></p> <p>Blodgett-Holmes Co., Janesville, Wis-----</p> <p>Eckhart Milling Co., Chicago-----</p> <p>Kern, J. B. A., & Sons, Inc., Milwaukee-----</p> <p>Pillsbury Flour Mills Co., Minneapolis-----</p> <p>Shane Bros. & Wilson Co., Minneapolis-----</p> <p>Stern, Bernhard, & Sons, Milwaukee-----</p> <p>Stratton-Ladish Milling Co., Milwaukee-----</p> <p>Voight Milling Co., Grand Rapids, Mich-----</p> <p>Washburn-Crosby Co., Minneapolis-----</p>	-----	9	1920
<p>Florida Hard Rock Phosphate Export Association, Savannah, Ga-----</p> <p>In operation since 1919, exporting phosphate hard rock to foreign countries. Members are in Florida and Georgia; the rock is therefore shipped to Fernandina, washed, crushed, and stored in warehouses at the port, from which it is loaded on steamers for foreign shipment. (The association has at times cooperated with the Florida Pebble Phosphate Export Association, and with the Phosphate Export Association, which ships pebble phosphate rock.) It reports that "Operating as an association is essential to reap greatest benefits in the export market."</p>	-----	8	1919-39

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Florida Hard Rock Phosphate Export Association—Continued.			
<i>Members</i>			
Buttgenbach & Co., Dunnellon, Fla., and Lakeland, Fla.....	1920-22		
Camp, C. & J., Ocala, Fla.....	1933-39		
Cummer Lumber Co., Jacksonville, Fla.....	1919-27		
Dunnellon Phosphate Co., Savannah, Ga.....	1933-39		
Dunnellon Phosphate Mining Co., Savannah, Ga.....	1919-27		
Mutual Mining Co., Savannah, Ga.....	1919-28		
Norfleet, P. J. & J. H., Newberry, Fla.....	1927-39		
Thompson, T. A., Fort White, Fla.....	1919-33		
Florida Pebble Phosphate Export Association, New York.....	1921		
Formed in 1919 to export pebble phosphate rock, the association had some of the same members as the Phosphate Export Association, organized in the same year, to ship the same product. The two groups used the same office and had some of the same officers. In 1933 the Ore & Chemical Co., a member of Phosphate Export Association, resigned, leaving the membership of that group identical with that of the Florida Pebble group. It was therefore decided to consolidate the two under the name of the Phosphate Export Association, which is still in successful operation. Cooperative agreements have been entered into by these groups with the Florida Hard Rock Phosphate Export Association, also operating under the act. The association reported that "the exploitation of foreign markets can be better handled by a large, single, and well-working organization than by a number of smaller organizations all working against each other. Concentration of effort, standardization of grades, lower selling costs, are a benefit not only to the American exporter but also to the foreign consumer, and are important factors in the endeavor to increase export sales."	1921-27		
		7	1919-33
<i>Members</i>			
American Agricultural Chemical Co., New York.....	1919-33		
American Cyanamid Co., New York.....	1919-33		
Coronet Phosphate Co., New York.....	1922-26		
International Agricultural Corporation, New York.....	1919-33		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Florida Pebble Phosphate Export Association—Con. Morris Fertilizer Co., Chicago (branch, Armour Fertilizer Works).....	1922-24		
Phosphate Mining Co., New York.....	1919-26		
Southern Phosphate Corporation, Baltimore.....	1930-33		
Florida Pine Export Association, Jacksonville, Fla.....		6	1930-31
Organized in 1930 to export yellow pine lumber and timber to South America, through the Pensacola Lumber & Timber Co. (one of the member companies) as sales manager, the association reported in 1931 that it had been unable to operate due to the "general depression in the export lumber market"; it was therefore dissolved. (Two of the member companies, the Pensacola Lumber & Timber Co. and the St. Andrews Bay Lumber Co., were members of the Alabama-Florida Pitch Pine Export Association, which operated under the act from 1929 to 1933.)			
<i>Members</i>			
Foshee Manufacturing Co., Melbourne, Fla.....			
Griffin, J. M., Lumber Co., Holopaw, Fla.....			
Pensacola Lumber & Timber Co., Pensacola, Fla.....			
Putnam Lumber Co., Shamrock, Fla.....			
Sherman, W. C., Co., Hicoria, Fla.....			
St. Andrews Bay Lumber Co., Millville, Fla.....			
Foundry Equipment Export Corporation, Philadelphia.....		11	1919-21
Organized in November 1919, to export foundry equipment and allied products; some preliminary work was done; a representative made a survey of foreign markets in 1920, but the plans did not materialize and the members agreed to dissolve the corporation early in 1921.			
<i>Members (stockholders)</i>			
American Foundry Equipment Co., New York.....			
American Molding Machine Co., Terre Haute, Ind.....			
Arcade Manufacturing Co., Freeport, Ill.....			
Buch Foundry Equipment Co., York, Pa.....			
Grimes Molding Machine Co., Detroit.....			
National Engineering Works, Chicago.....			
Obermayer, S. Co., The, Chicago.....			
Paxson, J. W., Co., Philadelphia.....			
Whiting Foundry Equipment Co., Harvey, Ill.....			
Woodison, E. J., Co., Detroit.....			
Wonham, Bates & Goode, New York.....			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
General Alcohol Export Corporation, New York ----- Organized in 1919 to ship spirits and alcohol, the company did substantial business until the prohibition amendment was passed. There were then complications since regulations required assurance from the foreign buyer that the alcohol shipped would not be used for beverages purposes; and there were long delays in obtaining export permits, resulting in cancelations by foreign buyers. The corporation was finally dissolved in 1924. The principal advantage reported was "the opportunity and ability to execute larger orders or a larger volume of orders than could be done individually. The association had the combined facilities of many individual operating plants, and by aggregating orders and apportioning same according to relative individual capacity, shipments were expedited and efficiency was promoted."	-----	8	1919-24
<i>Members (stockholders)</i>			
Bacharach, Charles, New Orleans-----	1919-24		
Delany, Frank J., Chicago-----	1919-24		
Harrison, Frederic M., New York-----	1919-24		
Kessler, Julius, New York-----	1919-24		
Publicker, Harry, Philadelphia-----	1919-24		
Publicker, Philip, Philadelphia-----	1919-24		
Wilson, Everett W., Pekin, Ill-----	1919-24		
Wolfner, Wm. F., Peoria, Ill-----	1919-24		
General Milk Company, Inc., New York ----- Organized in 1919 as American Milk Products Corporation (name changed in 1931) the company was very successful in developing exports of canned milk, relieving the domestic market of surplus production (as a result of expansion to meet war needs) and supplying a substantial demand in Europe. In later years, the canned milk industry abroad has expanded, in line with efforts toward becoming self-sustaining in food-stuffs, and exports to that market have lessened. Some members of the export company met this situation by establishing branch factories abroad; and sales of the export company have now been shifted to tropical countries where there is no domestic production. It is reported that "the outstanding advantage obtained by this corporation operating under the Webb-Pomerene Act is the large source of supplies available from the member companies; and these sources extending as they do to all of the	-----	4	1919-39

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
<p>General Milk Company, Inc.—Continued. principal dairying States of the United States, enable our corporation to have the goods shipped to the most convenient ports nearest the foreign country to which they are to be exported, and to secure the lowest inland freight rates from factories to ports.”</p> <p><i>Members (stockholders)</i></p> <p>Carnation Milk Products Co., Chicago, Oconomowoc, Wis., and Milwaukee.....</p> <p>Helvetia Milk Condensing Co., Highland, Ill.....</p> <p>Highland Milk Condensing Co., Elkland, Pa.....</p> <p>Pet Milk Co., St. Louis.....</p>	<p>1919-39</p> <p>1919-23</p> <p>1919-20</p> <p>1923-39</p>		
<p>Goodyear Tire & Rubber Export Co., Akron, Ohio.....</p> <p>The company exports rubber products (tires, tubes, belting, hose, etc.) purchased from the Goodyear Tire & Rubber Co., which owns all stock of the export company. It also cooperates with other rubber exporters as a member of the Rubber Export Association, another group operating under the act.</p>		1	1922-39
<p>Grain Products Export Association, New York.....</p> <p>Formed in 1922 by the American Corn Products Export Association (also filing as an export group under the act) and the Corn Products Refining Co., to ship corn sirup, corn sugar and cornstarch, a substantial business was developed, successfully disposing of the surplus production built up during the war. It was reported that “the facilities allowed us under the Webb-Pomerene Act place us in a position to combat foreign competition in a way that would not otherwise be possible.” After several years, however, exports were affected by increased production abroad and tariff barriers, and the association became dissolved in 1927.</p> <p><i>Members</i></p> <p>American Corn Products Export Association, N. Y.....</p> <p>Corn Products Refining Co., N. Y.....</p>	<p>1922-27</p> <p>1922-27</p>	2	1922-2
<p>Grand Rapids Furniture Export Association, Grand Rapids, Mich.....</p> <p>Organized in 1920 to ship furniture and to protect the name “Grand Rapids Furniture” in foreign markets, the association did some preliminary work, obtaining trade statistics and foreign market information, but after an investigation of foreign freights and exchange, the members decided that export</p>		12	1920-27

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Grand Rapids Furniture Export Association—Continued. business in so bulky and so expensive a product as cabinet furniture was impossible. They therefore became dissolved in 1927. <i>Members</i> Berkey & Gay Furniture Co., Grand Rapids... 1920-27 Century Furniture Co., Grand Rapids..... 1920-27 Criswell Furniture Co., Grand Rapids..... 1920-27 Furniture Studios, Inc., Grand Rapids..... 1920-27 Grand Rapids Chair Co., Grand Rapids..... 1920-27 Grand Rapids Refrigerator Co., Grand Rapids... 1920-27 Imperial Furniture Co., Grand Rapids..... 1920-27 Luce Furniture Co., The, Grand Rapids..... 1920-27 Michigan Chair Co., Grand Rapids..... 1920-27 Stickley Bros. Co., Grand Rapids..... 1920-27 Widdicombe Furniture Co., The, Grand Rapids... 1920-27 Widdicombe, John C., Grand Rapids..... 1920-27			
Grapefruit Distributors, Inc., Davenport, Fla. Organized in 1930 to export fresh and canned citrus fruits, especially grapefruit, for account of growers and shippers, the company was handicapped by high tariffs abroad and became dissolved in 1939. <i>Members (stockholders)</i> Bates, F. S., Davenport, Fla..... 1930-39 Dewson, E. H., Davenport, Fla..... 1930-39 DiCristina, Harry E., Davenport, Fla..... 1930-39		3	1930-39
Gulf Pitch Pine Export Association, New Orleans, La. Organized in 1920 to represent the member companies in sales of yellow pitch pine lumber and timber, in foreign markets, operated successfully for several years using the offices of the Standard Export Lumber Co. of New Orleans, and doing substantial business (chiefly with Latin-American countries). This association had cooperative agreements with the Alabama-Florida Pitch Pine Export Association, also operating under the act. Beginning about 1931, business was affected by revolutions and political unrest in South America, reduced sales and prices due to the depression, and keen competition by Russian lumber. Some of the mills in the group resigned because they had cut all the lumber available to them; others curtailed production by reason of lessening demand. These conditions led to dissolution of the association in 1933.		7	1920-33

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Gulf Pitch Pine Export Association—Continued.			
<i>Members</i>			
Batson-Hatten Lumber Co., Lyman, Miss.....	1924-33		
C. & R. Lumber Co., Blodgett, Miss.....	1926-30		
Dantzler, L. N., Lumber Co., Moss Point, Miss.....	1920-33		
Hines, Edward, Yellow Pine Trustees, Lumberton, Miss.....	1920-31		
Jordan River Lumber Co., Kiln, Miss.....	1920-21		
Virgin Pine Lumber Co., Piave, Miss.....	1926-33		
Weston, H., Lumber Co., Logtown, Miss.....	1920-33		
Hawkeye Pearl Button Export Co., Muscatine, Iowa.....		4	1921-36
Organized in 1921 to sell in export trade the buttons manufactured by the Hawkeye Pearl Button Co., and to cooperate with the Associated Button Exporters of America (another Webb law group) the company operated until 1931, but was then seriously affected by Japanese competition in the Latin-American countries, and finally became dissolved in 1936.			
<i>Members (stockholders)</i>			
Hagermann, C. C., Muscatine, Iowa.....	1921-36		
Hawkeye Pearl Button Co., Muscatine, Iowa.....	1921-36		
Hermann, F. W., Muscatine, Iowa.....	1921-36		
Vetter, F. C., Muscatine, Iowa.....	1921-36		
Inter-America Exporters, Inc., New York.....		4	1935-37
Organized in 1935 to export fruit to Latin-American countries, the association met with difficulties, especially restrictions placed on fruit imports by South American countries. The business was not successfully developed and the association became dissolved in 1937.			
<i>Members (stockholders)</i>			
Incorporated, but no stock issued.			
Directors were:			
Harkness, A. C., New York City.....	1935-37		
Lee, Florence, New York City.....	1935-37		
Lehrer, Milton H., New York City.....	1935-37		
Marder, Helen, New York City.....	1935-37		
International Steel Corporation, New York.....		1	1918-23
Organized in 1918 (as American International Steel Corporation, name changed in 1919) to act as export agent for a number of steel companies, including the Allied Machinery Co. of America, and G. Amsinck & Co., the corporation became involved in litigation, and was dissolved in 1923.			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
International Steel Corporation—Continued.			
<i>Member, all stock held by—</i>			
American International Corp., New York.....	1918-23	8	1939
International Wood Naval Stores Export Corporation, Gulfport, Miss.....	-----		
Organized in 1939, the corporation exports turpentine and rosin (manufactured by wood distillation). Some of the members of this group were members of the Wood Naval Stores Export Corporation, which operated under the act from 1935 to 1938.			
<i>Members (stockholders)</i>			
Alabama Naval Stores Co., Mobile, Ala.....	1939	4	1920-29
Chemical Products Co., Laurel, Miss.....	1939		
Continental Turpentine & Rosin Corporation, Laurel, Miss.....	1939		
Crosby Naval Stores, Inc., Picayune, Miss.....	1939		
Dixie Pine Products Co., Hattiesburg, Miss....	1939		
Mackie Pine Products Co., Covington, La.....	1939		
Phoenix Naval Stores Co., Gulfport, Miss.....	1939		
Southern Naval Stores Co., Columbia, Miss....	1939		
Locomotive Export Association, New York.....	-----		
Organized in 1920 for the purpose of procuring foreign business for its members and aiding them in the performance of contracts for export shipment, the association operated successfully until 1928 in spite of keen competition of European builders. Early in 1930, it reported dissolution by mutual agreement. One member, the American Locomotive Sales Corporation, continued to file papers under the Export Trade Act until 1939.			
<i>Members</i>			
American Locomotive Co., New York.....	1920-29	3	1921-25
American Locomotive Sales Corp., New York..	1920-29		
Baldwin Locomotive Works, Philadelphia.....	1920-29		
Montreal Locomotive Works, Ltd., New York..	1920-29		
McKee Button Export Co., Muscatine, Iowa.....	-----	3	1921-25
Organized in 1921 to sell buttons in foreign markets, the company found it difficult to meet Japanese competition; and was unable to establish an export business. It became dissolved in 1925. The company was a member of the Associated Button Exporters of America, Inc., which filed papers under the act from 1921 to 1933.			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation		
McKee Button Export Co.—Continued.					
Members (stockholders)					
McKee, Albert S., Muscatine, Iowa.....	1921-25	10	1929-39		
McKee, James S., Muscatine, Iowa.....	1921-25				
McKee, J. Harold, Muscatine, Iowa.....	1921-25				
Metal Lath Export Association, The, New York.....	-----				
This association has been in active operation for the past 10 years, developing export trade in metal lath, for its member companies. It reports that operation under the Export Trade Act "provides an organization through which the members are better able to meet foreign competition in foreign markets."					
Members					
Berger Manufacturing Co., The, Canton, Ohio.....	{ 1929-31 1937-38	160	1919-22		
Bostwick Steel Lath Co., The, Niles, Ohio.....	1929-39				
Consolidated Expanded Metal Companies, The, New York.....	1929-39				
Expanded Metal Engineering Co., New York.....	1929-39				
Kalman Steel Co., Inc., New York.....	1929-31				
North Western Expanded Metal Co., The, Chicago.....	1929-30				
Penn Metal Co., Cambridge, Mass., and New York.....	1929-39				
Republic Steel Corp. (Berger Mfg. Div.), New York.....	1938-39				
Truscon Steel Co., New York.....	1929-39				
U. S. Gypsum Co., Chicago.....	1932-39				
Millers Export Association, Inc., The, Chicago.....	-----				
Formed in 1919 to promote sales of wheat flour to foreign Governments, through the U. S. Grain Corporation, the association ceased operation in 1920, and became dissolved in 1922.					
Members (stockholders)					
Acme-Evans Co., Indianapolis, Ind.....	1919-22				
Acme Milling Co., Oklahoma City, Okla.....	1919-22				
Acme Mills, Inc., The, Hopkinsville, Ky.....	1919-22				
Akin-Erskine Milling Co., Evansville, Ind.....	1919-22				
Allen & Wheeler Co., The, Troy, Ohio.....	1919-22				
Amendt Milling Co., Monroe, Mich.....	1919-20				
Arkansas City Milling Co., Arkansas City, Kans.....	1919-22				
Atkinson Milling Co., Minneapolis.....	1919-22				
Attica Mills, Attica, Kans.....	1919-22				
Baldwin, D. N., Minneapolis.....	1920-21				

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Millers Export Association, Inc., The—Continued.			
Baldwin, Dwight M., Minneapolis.....	1921-22		
Baldwin Flour Mills, Minneapolis.....	1919-20		
Ballard & Ballard Co., Louisville, Ky.....	1919-22		
Barber Milling Co., Minneapolis.....	1919-20		
Bausman, Richard F., New York.....	1919		
Bay State Milling Co., Boston.....	1919-21		
Bay State Milling Co., Winona, Minn.....	1919-22		
Bewley Mills, Fort Worth, Tex.....	1919-22		
Big Diamond Mills Co., Minneapolis.....	1919-22		
Blake Milling Co., Edwardsville, Ill.....	1919-22		
Blish Milling Co., Seymour, Ind.....	1919-22		
Brand-Dunwoody Milling Co., Joplin, Mo.....	1919-22		
Campbell, A. Spottswood, Brooklyn, N. Y.....	1919		
Canadian Mill & Elevator Co., El Reno, Okla.....	1919-22		
Cannon Valley Milling Co., Minneapolis.....	1919-22		
Cape County Milling Co., Carthage, Mo.....	1920-21		
Cape County Milling Co., Jackson, Mo.....	1919-22		
Cataract City Milling Co., Niagara Falls, N. Y.....	1919-22		
Century Milling Co., Minneapolis.....	1919-22		
Chapman Milling Co., Sherman, Tex.....	1919-22		
Cleveland Milling Co., Cleveland, Ohio.....	1919-22		
Cole, H. C., Milling Co., Chester, Ill.....	1919-22		
Colton Bros. Co., Bellefontaine, Ohio.....	1919-22		
Commander Mill Co., Minneapolis.....	1919-22		
Commercial Milling Co., Detroit.....	1919-22		
Consolidated Flour Mills Co., Hutchinson, Kans.....	1919-22		
Cowgill & Hill Milling Co., Carthage, Mo.....	1919-22		
Davis, J. G., & Co., Rochester, N. Y.....	1919-22		
Diamond Mill Co., Sherman, Tex.....	1919-22		
Duluth Universal Milling Co., Duluth, Minn.....	1919-22		
Dunwoodie, W. P., Joplin, Mo.....	1920-21		
Eagle Roller Mills Co., New Ulm, Minn.....	1919-22		
Eckhart, B. A., Milling Co., Chicago.....	1919-22		
Empire Milling Co., Minneapolis.....	1919-22		
Enid Milling Co., Enid, Okla.....	1919-22		
Ervin, H. C., Co., St. Cloud, Minn.....	1919		
Everett-Aughenbaugh & Co., Waseca, Minn.....	1919-22		
Fant Milling Co., Sherman, Tex.....	1921-22		
Federal Mill & Elevator Co., Inc., Lockport, N. Y.....	1921-22		
Federal Milling Co., Lockport, N. Y.....	1919-21		
Frazee, James, Milling Co., Baldwinsville, N. Y.....	1919-20		
Gambrill, C. A., Manufacturing Co., Baltimore, Md.....	1919-22		
Gladney Milling Co., Sherman, Tex.....	1919-21		
Gooch Milling & Elevator Co., Lincoln, Nebr.....	1919-22		
Great Northern Flour Mills Co., Minneapolis.....	1919-22		
Hamilton, Wm., & Son, Caledonia, N. Y.....	1919-22		
Harrison, J. Herbert, Brooklyn, N. Y.....	1919		
Hormel Milling Co., Austin, Minn.....	1919-22		
Hubbard Milling Co., Mankato, Minn.....	1919-22		
Hunter Milling Co., Wellington, Kans.....	1919-22		
Igleheart Bros., Evansville, Ind.....	1919-22		
Imbs, J. F., Milling Co., St. Louis, Mo.....	1919-22		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Millers Export Association, Inc., The—Continued.			
International Milling Co., New Prague, Minn.	1919-22		
Ismert-Hincke Milling Co., Kansas City, Mo.	1919-22		
Jennison, W. J., Co., Minneapolis, Minn.	1919-22		
Kalispell Flour Mill Co., Kalispell, Mont.	1919-20		
Kalispell Flour Mills Co., Great Falls, Mont.	1921-22		
Kalispell Milling Co., Great Falls, Mont.	1920-21		
Kansas Flour Mills Co., Kansas City, Mo.	1919-22		
Kansas Flour Mills Co., Wichita, Kans.	1920-21		
Kehler Flour Mills Co., St. Louis, Mo.	1919-22		
Kell Milling Co., Vernon, Tex.	1919-22		
Kelly, William, Milling Co., Hutchinson, Kans.	1919-22		
La Grange Mills, Red Wing, Minn.	1919-22		
Larabee Flour Mills Corporation, Kansas City, Mo.	1919-22		
Lawrenceburg Roller Mills Co., Lawrenceburg, Ind.	1919-22		
Lea Milling Co., Wilmington, Del.	1919-20		
Lee, H. D., Flour Mills Co., Salina, Kans.	1919-22		
Lee, H. D., Milling Co., Hutchinson, Kans.	1920-21		
Lexington Mill & Elevator Co., Lexington, Nebr.	1919-22		
Lexington Milling Co., Lexington, Nebr.	1920-21		
Lexington Roller Mills Co., Lexington, Ky.	1919-22		
Liberty Mills, Nashville, Tenn.	1919-22		
Listman Mills, La Crosse, Wis.	1919-20		
Louisville Milling Co., Louisville, Ky.	1919-22		
Majestic Milling Co., Aurora, Mo.	1919-22		
Maney Milling Co., Omaha, Nebr.	1919-22		
Marshall Milling Co., Marshall, Minn.	1919-22		
Mayflower Mills, Fort Wayne, Ind.	1919-22		
Mennel Milling Co., Toledo, Ohio.	1919-22		
Meyer, John F., & Sons Milling Co., St. Louis.	1919-20		
Midland Flour Milling Co., Kansas City, Mo.	1921-22		
Midland Milling Co., Kansas City, Mo.	1919-21		
Mid-West Flour Mills Co., Columbus, Ohio.	1919-21		
Mid-West Flour Mills Co., The, New York.	1921-22		
Model Mill Co., Johnson City, Tenn.	1919-22		
Monarch Milling Co., Hutchinson, Kans.	1919-22		
Montana Flour Mills Co., Lewistown, Mont.	1919-22		
Moon, Geo. Q., Co., Inc., Binghamton, N. Y.	1919-22		
Morristown Flour Mills Co., Morristown, Tenn.	1919-22		
Morten Milling Co., Dallas, Tex.	1919-22		
Moseley & Motley Milling Co., Rochester, N. Y.	1919-22		
Mountain City Mills Co., Chattanooga, Tenn.	1919-20		
National Milling Co., Toledo, Ohio.	1919-22		
New Era Milling Co., The, Arkansas City, Ark.	1919-22		
Newton Milling & Elevator Co., Newton, Kans.	1919-20		
Niagara Falls Milling Co., Buffalo, N. Y.	1919-22		
North Platte Flour Mills, North Platte, Nebr.	1919-20		
Northwestern Elevator & Milling Co., The, Toledo, Ohio.	1919-22		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Millers Export Association, Inc., The—Continued.			
Oklahoma City Mill & Elevator Co., Oklahoma City.....	1919-20		
Oklahoma Mill Co., Kingfisher, Okla.....	1919-22		
Omaha Flour Mills Co., Omaha, Nebr.....	1919-22		
Page, Thomas, Milling Co., Topeka, Kans.....	1919-22		
Pillsbury Flour Mills Co., Minneapolis.....	1919-22		
Plant, Geo. P., Milling Co., St. Louis, Mo.....	1919-22		
Quaker City Flour Mills Co., Philadelphia.....	1919-22		
Quaker Oats Co., Chicago.....	1919-22		
Ravenna Mills, Inc., The, Ravenna, Nebr.....	1919-20		
Rea-Patterson Milling Co., Coffeyville, Kans.....	1919-22		
Red Star Milling Co., Wichita, Kans.....	1919-22		
Reno Flour Mills Co., Hutchinson, Kans.....	1919-20		
Roanoke City Mills, Inc., Roanoke, Va.....	1919-22		
Robinson Milling Co., Salina, Kans.....	1919-22		
Royal Milling Co., Great Falls, Mont.....	1919-22		
Russell-Miller Milling Co., Minneapolis.....	1919-22		
Saxony Mills, St. Louis, Mo.....	1919-22		
St. Paul Milling Co., St. Paul, Minn.....	1919-22		
Schultz, Baujan & Co., Beardstown, Ill.....	1919-22		
Shane Bros. & Wilson Co., Philadelphia.....	1919-20		
Sheffield-King Milling Co., Minneapolis.....	1919-20		
Smith, G. B. R., Milling Co., Sherman, Tex.....	1919-22		
Smith, J. Allen, & Co., Knoxville, Tenn.....	1919-22		
Sparks Milling Co., Alton, Ill.....	1919-22		
Sparks Milling Co., Terre Haute, Ind.....	1919-20		
Stanard-Tilton Milling Co., Dallas, Tex.....	1919-22		
Stanard-Tilton Milling Co., Indianapolis.....	1919-20		
Stanard-Tilton Milling Co., St. Louis, Mo.....	1919-22		
Star & Crescent Milling Co., Chicago.....	1919-22		
Stern, Bernhard & Sons, Inc., Milwaukee.....	1919-22		
Stickell, D. A., & Sons, Hagerstown, Md.....	1919-20		
Stokes Milling Co., Watertown, S. Dak.....	1919-22		
Stott, David, Flour Mills Co., Detroit.....	1919-22		
Thatcher, T. C., Oklahoma City, Okla.....	1921-22		
Thompson Milling Co., Lockport, N. Y.....	1919-22		
Thornton & Chester Milling Co., Buffalo, N. Y.....	1919-22		
Toledo Grain & Milling Co., Toledo, Ohio.....	1919-22		
Topeka Flour Mills Co., Topeka, Kans.....	1919-21		
Updike Milling Co., Omaha, Nebr.....	1919-22		
Urban, Geo., Milling Co., Buffalo, N. Y.....	1919-22		
Valier & Spies Milling Co., St. Louis, Mo.....	1919-22		
Wabasha Roller Mill Co., Wabasha, Minn.....	1919-22		
Waco Mill & Elevator Co., Waco, Tex.....	1919-22		
Walnut Creek Milling Co., Great Bend, Kans.....	1919-22		
Washburn-Crosby Co., Minneapolis.....	1919-22		
Washburn-Crosby Co., Buffalo, N. Y.....	1919-20		
Weber Flour Mills Corporation, Salina, Kans.....	1919-20		
Wells-Abbott-Nieman Co., Schuyler, Nebr.....	1919-22		
Wichita Mill & Elevator Co., Wichita Falls, Tex.....	1919-22		
Williamson Milling Co., Clay Center, Kans.....	1919-22		
Wisconsin Milling Co., Menomonie, Wis.....	1919-22		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Mississippi Valley Trading & Navigation Co., St. Louis, Mo.		25	1920-23
This association was formed in 1920 with the intention of selling products of the Mississippi Valley in foreign markets, including steel, dry goods, shoes, paper, furniture, flour, rice, and hardware. It was found, however, that Webb law groups can operate to better advantage when formed to sell 1 commodity rather than an assortment of unrelated products. The company was therefore not successful, and liquidation was finally completed in 1923.			
<i>Members (stockholders)</i>			
Blanke, C. F., Tea & Coffee Co., St. Louis, Mo.	1920-21		
Brown Shoe Co., St. Louis	1920-21		
Conrades, J. H., St. Louis	1921-23		
Conrades Manufacturing Co., St. Louis	1920-21		
Cramer, E. F., St. Louis	1920-21		
Cramer, F. Ernest, St. Louis	1921-23		
Ely & Walker D. G. Co., St. Louis	1920-21		
Faust, E. A., St. Louis	1921-23		
Fisher, Wm., St. Louis	1921-23		
Folk, Jos. W., Washington, D. C., and St. Louis	1920-23		
Handlan, E. W., St. Louis	1920-23		
Karbe, Otto F., St. Louis	1920-23		
Koken Companies, St. Louis	1920-21 1923		
Lampkin, E. P., St. Louis	1920-23		
Lueking, A. C., St. Louis	1921-23		
Moloney Elec. Co., St. Louis	1920-21		
Moloney, T. O., St. Louis	1921-23		
O'Neil, John F., St. Louis	1920-23		
Rand, Frank C., St. Louis	1920-23		
St. Louis Boat & Engineering Co., St. Louis	1920-21		
Sharp, Chas. E., St. Louis	1920-23		
Sutter, Charles, St. Louis	1920-23		
Tarlton, Wm. E., St. Louis	1921-23		
Van Schoiack, T. W., St. Louis	1921-22		
Waltke, Louis H., St. Louis	1920-23		
Namusa Corporation (at first called Namusa South American Corporation), New York		56	1919-22
Formed in 1919 by the National Association of Manufacturers of the United States of America (from the initials of which the association derived its name "Namusa") its intention was to sell in foreign markets, products of the manufacturers that were members of the trade association, serving as export agent on a commission basis. The plan was not successful, however, perhaps because so many unrelated products were included among the products of the members. As in			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Namusa Corporation—Continued.			
the case of the Mississippi Valley Trading Co., it was found better to organize Webb law groups on a commodity basis, to sell only related products.			
<i>Members (stockholders)</i>			
Albemarle Paper Manufacturing Co., The, Richmond, Va.....	1919-22		
American Aniline Products, Inc., New York.....	1919-22		
American Belting Companies, Texas, Md.....	1919-22		
American Fork & Hoe Co., Cleveland.....	1919-22		
Beckwith Co., The, Dowagiac, Mich.....	1919-22		
Benedict Manufacturing Co., The, East Syracuse, N. Y.....	1919-22		
Bethlehem Fabricators, Inc., Bethlehem, Pa.....	1919-22		
Blaw-Knox Co., Pittsburgh.....	1919-22		
Blish Milling Co., Seymour, Ind.....	1920-21		
Brown, Chas. H., Paint Co., The, Brooklyn, N. Y.....	1919		
Carnes Artificial Limb Co., Kansas City, Mo.....	1919-22		
Clover Leaf Milling Co., Wellington, Mo.....	1920-21		
Dexter Yarn Co., Pawtucket, R. I.....	1919-22		
Dicks-David Co., New York.....	1919-22		
Dungan, Hood & Co., Inc., Philadelphia.....	1919-22		
Economy Ink Co., Cincinnati.....	1920-21		
Excelsior Hardware Co., The, Stamford, Conn.....	1919-22		
Fletcher Works, Inc., Philadelphia.....	1919-22		
Hale, John M.-Boardman, Inc., New York.....	1919		
Hays, Daniel, Co., The, Gloversville, N. Y.....	1919-22		
Heller Brothers Co., Newark, N. J.....	1919-22		
Hill-Smith Metal Goods Co., The, Boston.....	1919-22		
Hoggson & Pettis Manufacturing Co., The, New Haven, Conn.....	1919-22		
Howlett & Hockmeyer Co., New York.....	1919-22		
Hydraulic Steel Co., The, Cleveland.....	1919-22		
Inland Motor Truck Co., Evansville, Ind.....	1920-22		
Kalamazoo Motors Corporation, Kalamazoo, Mich.....	1920-22		
Lowell Paper Tube Corporation, Lowell, Mass.....	1919-21		
Meese & Gottfried Co., San Francisco.....	1919-22		
Miller Saw-Trimmer Co., Pittsburgh.....	1919-22		
National Milling Co., Toledo, Ohio.....	1920-21		
Niagara Machine & Tool Co., Buffalo, N. Y.....	1919-22		
Northern Paper Mills, Green Bay, Wis.....	1919-22		
Ogden, J. Edward, Co., Inc., New York.....	1919-22		
Patton Paint Co., Milwaukee.....	1919		
Pekin Cooperage Co., Pekin, Ill.....	1919-21		
Piqua Hosiery Co., The, Piqua, Ohio.....	1919-22		
Plumb, Fayette R., Inc., Philadelphia.....	1919-22		
Read Machinery Co., Inc., York, Pa.....	1919-22		
Rice, A. H., Co., Pittsfield, Mass.....	1919-22		
Rowe Calk & Chain Co., The, Plantsville, Conn.....	1919-22		
Schmidt & Ault Paper Co., York, Pa.....	1919-22		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Namusa Corporation—Continued.			
Severance, S., Manufacturing Co., Glassport, Pa.	1919-22		
Smith & Hemenway Co., Inc., Irvington, N. J.	1919-22		
Sowers Manufacturing Co., Buffalo, N. Y.	1919-22		
Standard Varnish Works, New York	1919		
Tagliabue, C. J., Manufacturing Co., Brooklyn, N. Y.	1919-22		
Taylor & Fenn Co., The, Hartford, Conn.	1919-22		
Urschel-Bates Valve Bag Co., Toledo, Ohio	1919-20		
Valve Bag Co., Toledo, Ohio	1920-22		
West Haven Manufacturing Co., The, New Haven, Conn.	1919-22		
Weston Electrical Instrument Co., Newark, N. J.	1919-22		
White & Wycoff Manufacturing Co., Holyoke, Mass.	1919-22		
Will & Baumer Candle Co., Syracuse, N. Y.	1920-22		
Wiley, C. A., Co., Long Island City, N. Y.	1919-22		
Wood Shovel & Tool Co., Piqua, Ohio	1919-22		
Naval Stores Export Corporation, New Orleans, La.		39	1923-30
Organized in 1923 to export naval stores (rosins and turpentine of all kinds), the association operated successfully for several years. It reported that selling costs were reduced through cooperative action; the central office was able to quote on larger orders; the agents abroad developed new markets. But the members' supply became depleted, several of the companies discontinued entirely, and the few remaining found exportation impracticable. The association was therefore dissolved in 1930.			
<i>Members (stockholders)</i>			
Avera Naval Stores Co., Biloxi, Miss., and New Orleans	1923-26		
Batson & Hatten Lumber Co., Lyman, Miss.	1928-30		
Batson-McGehee & Co., Millard, Miss.	1928-30		
Bentley Naval Stores Co., New Orleans	{ 1923 1926-30		
Betts Naval Stores Co., New Orleans	1923		
Blodgett Naval Stores Co., New Orleans	1926-30		
Bogalusa Turpentine Co., Bogalusa, La.	1925-30		
Bullard, Sellers & Co., De Funiack Springs and Crestview, Fla.	1923-30		
Cady Lumber Co., New Orleans	1923-24		
Canal Bank & Trust Co. (Trustees), New Orleans	1927-30		
Chipley, Buckner (Gillican-Chipley), New Orleans	1927-30		
Eastman-Gardiner Naval Stores Co., Laurel, Miss., and New Orleans, La.	1923-30		
Finkbine Lumber Co., Jackson, Miss.	1923-28		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Naval Stores Export Corporation—Continued.			
Fullerton Naval Stores Co., New Orleans.....	1926-30		
Gay-Hamill Co., Biloxi, Miss.....	1923-30		
Gillican-Chipley Co., New Orleans.....	1923-30		
Gillican, W. B., New Orleans.....	1927-30		
Goodyear Lumber Co., Picayune, Miss.....	1923-26		
Great Southern Lumber Co., Bogalusa, La.....	1923-25		
Hines, Edw., Yellow Pine Co., Lumberton, Miss.....	1923-30		
Industrial Lumber Co., Elizabeth, La.....	1923		
Jackson Lumber Co., Lockhart, La.....	1923-30		
Kaul Lumber Co., Birmingham, La., and Biloxi, Miss.....	1923-28		
Kirby Lumber Co., Houston, Tex.....	1923-26		
Lake Charles Naval Stores Co., New Orleans.....	1923-30		
Lake Wales Naval Stores Co., Jacksonville, Orlando, and Lake Wales, Fla., and New Orleans, La.....	1923-30		
Natalbany Lumber Co., Hammond, La.....	1923-27		
New Orleans Naval Stores Co., New Orleans.....	1923-26		
Newman, J. J., Lumber Co., Brookhaven, Miss.....	1923-30		
Newton, J. B., Turpentine Co., Poplarville, Miss.....	1923-30		
Newton Naval Stores Co., Poplarville, Miss.....	1928-30		
Phelps, R. R., New Orleans.....	1927-30		
Pringle, E. M., Naval Stores Co., McNary, La.....	1923		
Producers Turpentine Co., Elizabeth, La.....	1923-30		
Quitman Naval Stores Co., New Orleans.....	1923-26		
Reimers, F. W. (trustee), Hammond, La.....	1927-30		
Rosa Turpentine Co., Picayune, Miss.....	1923		
Vernon Parish Naval Stores Co., Kurthwood and New Orleans, La.....	1923-30		
Western Naval Stores Co., Houston, Tex., and New Orleans, La.....	1923, 1926-30		
Nogales Garbanzo Association, Nogales, Ariz.....		6	1921-22
Organized in 1921 to dispose of a supply of garbanzos (chick peas), it became dissolved when the stocks were exhausted, in 1922.			
<i>Members</i>			
First National Bank of Nogales, Nogales, Ariz.....	1921-22		
Grace, W. R., & Co., New York.....	1921-22		
Nogales National Bank, Nogales, Ariz.....	1922		
Ocharan, Oscar, Nogales, Ariz.....	1921-22		
Salido, Ildefonso, Nogales, Ariz.....	1921-22		
Sonora Bank & Trust Co., The, Nogales, Ariz.....	1922		
Northwest Dried Fruit Export Association, Portland, Ore.....		53	1927-39
Formed in 1927 to ship dried fruit from the Pacific Northwest, this association has operated successfully, reporting as its outstanding advantages uniform export sales contracts, uniform rules for export, and ability			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Northwest Dried Fruit Export Association—Con. to secure payment of the members' drafts drawn on foreign buyers who have become delinquent.			
<i>Members</i>			
Merchants' Division:			
Abeling Geo., Co., San Francisco.....	1928-39		
Allen, C. E., Seattle.....	1928-35		
Anderson & Miskin, Ltd., Seattle.....	1928-31		
Atkins, Kroll & Co., San Francisco.....	1934-39		
Balfour, Guthrie & Co., Ltd., Portland, Oreg.....	1927-28		
	1934-39		
Bocker European Trading Co., Seattle.....	1930-31		
California Fruit Selling Co., San Francisco.....	1927-36		
Canadian International Corp., Vancouver, B. C.....	1929-30		
Cedervall, Iver H., Co., Seattle.....	1936-38		
Cleveland, Ira, Yakima, Wash.....	1936-39		
Cron & Dehn, Inc., Seattle.....	1927-30		
Davis & Weer, Inc., Seattle.....	1927-31		
Evaporated Fruits, Inc., Selah, Wash.....	1931-33		
Field, Walter M., & Co., San Francisco.....	1927-39		
General Commercial Co., Inc., The, San Francisco.....	1927-31		
Gomperts, Jack, & Co., San Francisco.....	1935-39		
Grell, E. F., & Co., Seattle.....	1931-35		
Grothe, Schmidt & Co., San Francisco.....	1935-39		
Hall, Harry, & Co., Inc., San Francisco.....	1927-39		
Kelly Bros. Co., Inc., Hood River, Oreg.....	1936-38		
Macdonald, Andrews Co., Portland, Oreg.....	1939		
North Pacific Sales Co., Seattle.....	1928-36		
O'Malley-Abeling Co., San Francisco.....	1927-28		
Otis, McAllister & Co., San Francisco.....	1928-39		
Peabody, Henry W., & Co. of London, Ltd., Seattle.....	1935-39		
Root, G. B., & Co., Portland, Oreg.....	1927-30		
Sievers, Paul F. L., San Francisco.....	1939		
Triton Co., The, Seattle.....	1927-28		
Wilbur-Ellis Co., San Francisco.....	1930-39		
Wilcox-Hayes Co., The, Portland, Oreg.....	1927-38		
Packers' Division:			
Allen Fruit Co., Salem, Oreg.....	1927-39		
California Packing Corporation, San Francisco.....	1927-39		
Catz American Co. of California, San Francisco.....	1934-35		
Consolidated Packing Co., San Francisco.....	1935-39		
Drager Fruit Co., Salem, Oreg.....	1927-29		
Dundee Fruit Growers & Packers Association, Dundee, Oreg.....	1930-39		
Ehrman, Mason, & Co., Portland, Oreg.....	1927-28		
Evaporated Fruits, Inc., Selah, Wash.....	1927-28		
Gile, H. S., & Co., Salem, Oreg.....	1927-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Northwest Dried Fruit Export Association—Con. Packer's Division—Continued.			
Hogue, F. H., Payette, Idaho.....	1932-39		
North Pacific Cooperative Prune Exchange, Portland, Oreg.....	1927-39		
Paulus Bros. Packing Co., Salem, Oreg....	1927-39		
Paulus, Rob't C., & Co., Salem, Oreg....	1927		
Radovan Dehydrating Fruit Co., Cashmere, Wash.....	1927-28		
Rosenberg Bros. & Co., San Francisco....	1927-39		
Ross Packing Co., Selah, Wash.....	1933-39		
Scotts Mills Packing Co., Salem, Oreg....	1931-34		
South Douglas Cooperative Prune Growers' Pool, Myrtle Creek, Oreg.....	1927		
Tracy, J. G., & Co., Dallas, Oreg.....	1927-39		
Valley Evaporating Co., Yakima, Wash....	1933-39		
Washington Dehydrated Food Co., Yakima, Wash.....	1927-39		
Washington Growers Packing Corporation, Vancouver, Wash.....	1927-39		
Willamette Valley Prune Association, Salem, Oreg.....	1927-39		
Northwest Lumber Exporters' Association, Seattle, Wash.....		26	1929-31
Organized in 1929 to ship lumber to foreign countries, the association did some preliminary work, but a number of its members decided to join the Douglas Fir Export Co., an older group operating under the act. The Northwest association therefore became dissolved.			
<i>Members</i>			
Anacortes Lumber & Box Co., Anacortes, Wash.....	1929-30		
Anderson & Middleton Lumber Co., Aberdeen, Wash.....	1929-31		
Bay City Lumber Co., Aberdeen, Wash.....	1929-31		
Bissell Lumber Co., Seattle.....	1929-31		
Bolcom Canal Lumber Co., Seattle.....	1929-31		
Bryant Lumber Co., Seattle.....	1929-31		
Buchanan Lumber Co., Olympia, Wash.....	1930-31		
Canyon Lumber Co., Everett, Wash.....	1929-31		
Clark & Wilson Lumber Co., Linnton, Oreg....	1929-31		
Clark Nickerson Lumber Co., Everett, Wash....	1929-31		
Des Chutes River Sawmills, Olympia, Wash....	1930-31		
Duwamish Lumber Co., Seattle.....	1929-31		
Eclipse Mill Co., Everett, Wash.....	1929-31		
Elliott Bay Mill Co., Seattle.....	1929-31		
Grays Harbor Lumber Co., Hoquiam, Wash....	1929-30		
Long Bell Lumber Co., Longview, Wash.....	1929-31		
Olympia Harbor Lumber Co., Olympia, Wash....	1930-31		
Reed Mill Co., Shelton, Wash.....	1930-31		
Seattle Export Lumber Co., Seattle.....	1929-31		
Sibley Mills Lumber Co., Portland, Oreg.....	1929-31		
Springer Mill Co., Olympia, Wash.....	1930-31		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Northwest Lumber Exporter's Association—Con.			
Stimson Mill Co., Seattle.....	1929-31		
Stimson Timber Co., Seattle.....	1929-31		
Tumwater Lumber Mills Co., Olympia, Wash.....	1930-31		
Washington Lumber & Spar Co., Renton, Wash.....	1929-30		
Washington Veneer Co., Olympia, Wash.....	1930-31		
Pacific Flour Export Co., Seattle, Wash.....		37	1924-38
The association was formed in 1924 to ship flour to foreign countries, especially the Orient. Competition from abroad was keen, and it was reported that except for operation of the group through one selling organization there would be loss to the mills. The association was at first prosperous; there seemed to be a demand abroad for low-grade flour. But exports were later affected by increased production of wheat in Canada and lower prices on the Canadian exports of flour. Increased capacity of flour mills in Japan and China also led to demand in those countries for wheat instead of flour. The association was inactive for several years, and was finally dissolved in 1938.			
<i>Members (stockholders)</i>			
Albers Bros. Milling Co., Portland, Oreg.....	1924-38		
Alexander, A., Wilbur, Wash.....	1924-38		
Allen, W. S., Seattle.....	1933-38		
Baumann, L. P., Seattle.....	1924-38		
Beer, Melvin D., The Dalles, Oreg.....	1933-38		
Big Bend Milling Co., Davenport, Wash.....	1925-38		
Burke, F. B., Portland, Oreg.....	1924-33		
Centennial Flouring Mills Co., Seattle.....	1933-38		
Centennial Mill Co., Seattle.....	1924-33		
Collins Flouring Mills, Pendleton, Oreg.....	1924-38		
Columbia River Milling Co., Wilbur, Wash.....	1924-38		
Crown Mills, Portland, Oreg.....	1924-38		
Fisher Flouring Mills Co., Seattle.....	1924-38		
Fisher, O. D., Seattle.....	1924-33		
Jackson, H. V., Tacoma, Wash.....	1933-38		
Johnson, O. C., Portland, Oreg.....	1933-38		
Kennewick Flour Mills Co., Kennewick, Wash.....	1924-38		
Leonard, E. H., Waitsburg, Wash.....	1924-38		
Lilly, Chas. H., Co., Seattle.....	1924-38		
McCoy, E. O., The Dalles, Oreg.....	1924-33		
Miller Flour Mills, Yakima, Wash.....	1924-38		
Novelty Mill Co., Seattle.....	1924-38		
Pattullo, D. A., Portland, Oreg.....	1924-33		
Peacock Mill Co., The, Freewater, Oreg.....	1924-38		
Pendleton Flouring Mills, Pendleton, Oreg.....	1925-30		
Pioneer Flouring Mills Co., Island City, Oreg.....	1924-38		
Pomeroy Flouring Mills Co., Pomeroy, Wash.....	1924-30		
Pomeroy Warehouse & Milling Co., Pomeroy, Wash.....	1930-38		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Pacific Flour Export Co.—Continued.			
Portland Flour Mills Co., Portland, Oreg.....	1924-38		
Preston-Shaffer Milling Co., Waitsburg, Wash.....	1924-38		
Rose City Flour Mills, Portland, Oreg.....	1924-25		
Shull, F. L., Portland, Oreg.....	1924		
Sperry Flour Co., Tacoma, Wash.....	1924-38		
Spokane Flour Mills, Spokane, Wash.....	1924-38		
Vollmer Clearwater Co., Ltd., Lewiston, Idaho.....	1924-38		
Wasco Warehouse Milling Co., The Dalles, Oreg.....	1924-38		
Western Milling Co., Pendleton, Oreg.....	1930-38		
Pacific Forest Industries, Tacoma, Wash.....		21	1935-39
Organized in 1935 to sell plywood for shipment to foreign countries, the association includes two classes of members:			
<i>Stockholders</i>			
Aberdeen Plywood Co., Aberdeen, Wash.....	1935-39		
Aircraft Plywood Corporation, Seattle, Wash.....	1935-37		
Capitol Plywood Co., Olympia, Wash.....	1935-39		
Elliott Bay Mill Co., Seattle, Wash.....	1935-39		
Harbor Plywood Corporation, Hoquiam, Wash.....	1935-39		
M and M Plywood Corporation, Portland, Oreg.....	1935-39		
Olympia Veneer Co., Olympia, Wash.....	1935-39		
Oregon-Washington Plywood Co., Tacoma, Wash.....	1935-39		
Plylock Corporation, The, Portland, Oreg.....	1935-39		
Robinson Mfg. Co., Everett, Wash.....	1935-39		
United States Plywood Corporation, Seattle, Wash.....	1937-39		
Vancouver Plywood & Veneer Co., Vancouver, Wash.....	1935-39		
Washington Veneer Co., Olympia, Wash.....	1935-39		
Wheeler Osgood Sales Corporation, Tacoma, Wash.....	1935-39		
<i>Associate Members</i>			
Buffelen Lumber Manufacturing Co., Tacoma, Wash.....	1938-39		
Lyle, Donald W., Tacoma, Wash.....	1938-39		
McCleary, Henry, Timber Co., McCleary, Wash.....	1938-39		
Northwest Door Co., Tacoma, Wash.....	1938-39		
Peterman Manufacturing Co., Tacoma, Wash.....	1938-39		
Smith Wood Products, Inc., Portland, Oreg.....	1938-39		
West Coast Plywood Co., Aberdeen, Wash.....	1938-39		
Pacific Fresh Fruit Export Association, San Francisco.....		13	1937-39
Organized in 1937 to export fresh fruit to foreign countries, the association reports that it has improved the members' relations with			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Pacific Fresh Fruit Export Association—Con. domestic suppliers and with foreign buyers; it has reduced credit losses, and effected a marked reduction in the number of claims received from foreign customers.			
<i>Members</i>			
Battat Import & Export Co., San Francisco---	1937-38		
Connell Bros., Co., Ltd., San Francisco-----	1937-39		
Demartini, John, Co., Inc., San Francisco-----	1937-39		
Fidelity Trading Co., San Francisco-----	1937-38		
Getz Bros. & Co., San Francisco-----	1937-39		
Levy, A., & J. Zentner Co., San Francisco-----	1937-39		
Liberty Gold Fruit Co., San Francisco-----	1937-39		
McNear, J. A., Co., San Francisco-----	1937-39		
Otis, McAllister & Co., San Francisco-----	1937-39		
Pacific Produce Co., San Francisco-----	1937-39		
Seattle Pacific Products Co., Seattle-----	1937-39		
Sunset Produce Co., San Francisco-----	1937-39		
Wileman Bros. & Elliott, San Francisco-----	1937-39		
Pan-American Trading Co., New York-----	-----	6	1919-27
This was an export company selling miscellaneous products in foreign countries, especially in the South American trade. It filed papers with the Commission for several years, but was not really a combination, and for that reason withdrew from operation under the act in 1927.			
<i>Members (stockholders)</i>			
Isaacs, Henry, New York-----	1925-27		
Isaacs, Herman, New York-----	1919-27		
Isaacs, Rufus, New York-----	1919-22		
Isaacs, Mrs. Rufus, New York-----	1922-27		
Kadane, Jos. C., New York-----	1919-22		
Leavenworth, David, New York-----	1925-26		
Pencil Industry Export Association, New York-----	-----	4	1939
The association was formed in 1939 to ship to foreign countries: pencils, pens, including mechanical pencils and pens, penholders, and all other forms of writing and marking instruments and related stationery items.			
<i>Members</i>			
American Lead Pencil Co., The, Hoboken, N. J.			
Dixon, Joseph, Crucible Co., Jersey City, N. J.			
Eagle Pencil Co., Inc., New York-----			
Faber, Eberhard, Pencil Co., The, Brooklyn, N. Y.-----			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Pennsylvania Millers Export Association, Philadelphia.....		18	1919-20
The association was formed in 1919 to meet conditions which arose during the period when the United States Grain Corporation was buying flour for export in large quantities. It became dissolved when the work of the Grain Corporation was ended.			
<i>Members (stockholders)</i>			
Adler Bros., Altoona, Pa.....	1919-20		
Barnitz, Wm. B., Barnitz, Pa.....	1919-20		
Brackbill, Ellis B., Gap, Pa.....	1919-20		
Cannonsburg Milling Co., Cannonsburg, Pa....	1919-20		
City Flour Co., Inc., Muncy, Pa.....	1919-20		
Cochranton Milling Co., Cochranton, Pa.....	1919-20		
Curry, John B., Sons, Palmyra, Pa.....	1919-20		
Dayton Milling Co., Towanda, Pa.....	1919-20		
Ellis, David, & Sons, Indiana, Pa.....	1919-20		
Fleming & Shollenberger, Hepburnville, Pa....	1919-20		
Lio, Antonio, & Sons, Halifax, Pa.....	1919-20		
McDonald Milling Co., McDonald, Pa.....	1919-20		
Millersburg Milling Co., Millersburg, Pa.....	1919-20		
Patterson Milling Co., Saltsburg, Pa.....	1919-20		
Rachau, J. L., Clintondale, Pa.....	1919-20		
Washington Milling Co., Washington, Pa.....	1919-20		
Weiss, Chas. Z., Avon, Pa.....	1919-20		
Williams Bros., Port Matilda, Pa.....	1919-20		
Phosphate Export Association, New York.....		10	1919-39
Operating successfully since 1919, the association ships pebble phosphate rock to foreign markets. It had cooperative relationship with Florida Pebble Phosphate Export Association, and became consolidated with that group in 1933 (see Florida Pebble Phosphate Export Association); has also had cooperative agreements with Florida Hard Rock Phosphate Export Association. It reports the following advantages obtained by operation as a Webb law group: Uniform sales terms, standardization of grades, reduction of selling expenses, saving on ocean freight and insurance, reduction of credit losses, elimination of unfair claims from buyers, stable export prices at profitable levels, and better ability to meet foreign competition in the export field; "only by combining under the Webb law and acting as a unit, can the members meet the competition of foreign producers." The association adds that "This law seems to adequately meet our needs in every respect."			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Phosphate Export Association—Continued.			
<i>Members</i>			
American Agricultural Chemical Co., The, New York.....	1929-39		
American Cyanamid Co., New York.....	1929-39		
Coronet Phosphate Co., New York.....	1919-27		
International Agricultural Corporation, New York.....	1919-39		
Morris Fertilizer Co., branch of Armour Fertilizer Works, Chicago.....	1922-24		
Ore & Chemical Corporation, The, New York..	1929-39		
Phosphate Mining Co., New York.....	1919-26		
	1933-39		
Southern Phosphate Corporation, Baltimore...	1920-39		
Swift & Co., Chicago.....	1938-39		
Swift & Co. Fertilizer Works, Chicago.....	1933-37		
Pioneer Pearl Button Export Corporation, Poughkeepsie, N. Y.....		5	1922-29
Organized to export products of the Pioneer Pearl Button Co., the association operated for several years but found it impossible to compete in foreign markets with Japanese and European producers. It therefore became dissolved in 1929.			
<i>Members (stockholders)</i>			
Clark, R. H., Poughkeepsie, N. Y.....	1923-26		
Ethal, Hazel A., Poughkeepsie, N. Y.....	1926-29		
Ethal, H. J. W., Poughkeepsie, N. Y.....	1923-29		
Huttig, H. W., Muscatine, Iowa.....	1923-29		
Pioneer Pearl Button Co., Poughkeepsie, N. Y..	1922		
Pipe Fittings and Valve Export Association, The, Philadelphia.....		19	1919-39
Organized in 1919 to ship pipe fittings and valves to foreign markets, the association has operated successfully for over 20 years. Among advantages reported are standardization of products and terms of sale in export shipments, elimination of trade abuses in the export field, interchange of experience concerning conditions in foreign markets, and the benefits of cooperation in developing new markets.			
<i>Members (stockholders)</i>			
Chapman Valve & Manufacturing Co., Indian Orchard, Mass.....	1935-37		
Crane Export Corporation, Long Island City, N. Y.....	1932-39		
Flagg, Stanley G. & Co., Inc., Philadelphia...	1919-39		
General Fire Extinguisher Co., Providence, R. I.	1923-34		

**120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued**

	Years	Total number of members	Period of association operation
Pipe Fittings and Valve Export Association, The— Continued.			
Grabler Manufacturing Co., Cleveland, Ohio.....	1919-22		
Grinnell Co., Inc., New York.....	1934-39		
Jarecki Manufacturing Co., Erie, Pa.....	1919-39		
Jenkins Bros., Bridgeport, Conn.....	1934-39		
Kelly & Jones Co., New York.....	1919-31		
Kennedy Valve Manufacturing Co., Elmira, N. Y.....	1919-37		
Kuhns Bros. Co., Dayton, Ohio.....	1919-31		
Lunkenheimer Co., Cincinnati, Ohio.....	1934-37		
Malleable Iron Fittings Co., Branford, Conn.....	1919-39		
McNab & Harlin Manufacturing Co., New York.....	1919-22		
Nelson Valve Co., Chestnut Hill, Pa.....	1919-21		
Pittsburgh Valve & Fittings Co., Barberton, Ohio.....	1919-24		
Pratt & Cady Co., Inc., Hartford, Conn.....	1919-21		
Ravena Iron Co., Ravena, N. Y.....	1934-37		
Walworth Manufacturing Co.....			
Walworth Co., Inc., and.....			
Walworth International Co. (organized to handle export business of the manufacturing company), Boston, Mass., and New York...	1919-39		
Plate Glass Export Corporation, Pittsburgh, Pa..... Organized in December 1935 to export plate glass to foreign markets, the association is operating successfully, reporting that its chief advantage has been cooperation in prices and trade customs for export shipment, thereby enabling the members to meet the competition of European manufacturers; and that "We continue in our belief that the organization under the Export Trade Act is beneficial to the industry."	-----	3	1936-39
<i>Members (stockholders)</i>			
Franklin Glass Corporation, Butler, Pa.....	1936-39		
Libbey-Owens-Ford Glass Co., Toledo, Ohio.....	1936-39		
Pittsburgh Plate Glass Co., Pittsburgh.....	1936-39		
Potash Export Association, Inc., New York..... Organized in 1938 for the purpose of exporting potash (potassium chloride, potassium sulfate, sulfate of potash magnesia, kainit, and manure salts.)	-----	3	1938-39
<i>Members (stockholders)</i>			
American Potash & Chemical Corporation, New York.....	1938-39		
Potash Co. of America, Denver, Colo.....	1938-39		
United States Potash Co., New York.....	1938-39		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Producers Linter Export Co., New Orleans----- Organized in 1924 to ship cotton linters for account of mills in Louisiana, Texas, Arkansas, Mississippi, Georgia, North Carolina, and South Carolina, the company (commercial copartnership) operated for several years, but was affected by the depression, and went out of business in 1932.	-----	4	1924-32
<i>Members</i>			
Burnett, Wylie B., Dallas Tex-----	1924		
Kansas, Esther, New Orleans-----	1927-32		
Kohl, H. Stephen, New Orleans-----	1924-32		
Taylor, Ralph F., New Orleans-----	1925-32		
Redwood Export Company, San Francisco----- Operating as an export company before the Webb law was passed, it was one of the first to file under the act in 1918, and has operated successfully since that date, shipping redwood to foreign countries. It reports as an outstanding advantage, ability to supply the foreign markets promptly and satisfactorily by drawing upon the entire group of redwood mills through a central organization rather than depending upon each unit, most of which under normal conditions would not be able to furnish a full cargo of export lumber at one loading. The product is standardized, inspected as to grade and quantity, and all details of sale and shipment are handled by the association.	-----	19	1918-39
<i>Members (class A) (stockholders)</i>			
Browne, J. H., San Francisco-----	1918		
Caspar Lumber Co., San Francisco-----	1927-39		
DeCamp, C. E., San Francisco-----	1939		
Hammond, A. B., San Francisco-----	1918		
Hammond, L. C., San Francisco-----	1939		
Hammond Lumber Co., San Francisco-----	1918-39		
Johnson, C. R., San Francisco-----	1918, 39		
Murphy, A. S., San Francisco-----	1939		
Nelson, Chas., Co., The, San Francisco-----	1918-39		
Pacific Lumber Co., San Francisco-----	1918-39		
Tyson, James, San Francisco-----	1918		
Tyson, James (estate), San Francisco-----	1939		
Union Lumber Co., San Francisco-----	1918-39		
<i>Members (class B)</i>			
Dolbeer & Carson Lumber Co., San Francisco---	1939		
Elk River Mill & Lumber Co., Eureka, Cal'f.---	1939		
Hobbs, Wall Lumber Co., San Francisco-----	1939		
Holmes Eureka Lumber Co., San Francisco-----	1939		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Redwood Export Company—Continued.			
Rockport Redwood Co., Rockport, Calif.-----	1939		
Santa Cruz Lumber Co., Santa Cruz, Calif.-----	1939		
Rice Export Association, New Orleans, La.-----		23	1937-39
Formed in 1937 by rice mills in Louisiana, Texas, and Arkansas (including several companies that had held stock in the Rice Export Corporation, operating under the act from 1929-31, and some that were members of the American Rice Export Corporation which operated under the act from 1927-33), the association shipped rice to Cuba in 1937, but was affected by an increase in duty imposed by Cuba at the end of 1937, upon rice from the United States, and has not been active since.			
<i>Members</i>			
Arkansas Rice Growers Cooperative Association, De Witt, Ark.-----	1937-39		
Arkansas Rice Growers, Cooperative Association, Stuttgart, Ark.-----	1937-39		
Baton Rouge Rice Mill, Inc., Baton Rouge, La.-----	1937-39		
Beaumont Rice Mills, Inc., Beaumont, Tex.---	1937-39		
Dore Rice Mill, Crowley, La.-----	1937-39		
Edmundson-Duhe Rice Mill Co., Inc., Rayne, La.-----	1937-39		
El Campo Rice Milling Co., El Campo, Tex.---	1937-39		
Gulf Coast Rice Mills, Houston, Tex.-----	1937-39		
Imperial Rice Milling Co., Crowley, La.-----	1937-39		
Jonesboro Rice Mill Co., Jonesboro, Ark.---	1937-39		
Kaplan Rice Mill, Inc., Kaplan, La.-----	1937-39		
Mermentau Rice Mill Co., Inc., Mermentau, La.-----	1937-39		
Mouton Rice Milling Co., Harrisburg, Ark.---	1937-39		
Noble-Trotter Rice Milling Co., Lake Charles, La.-----	1937-39		
Orange Rice Milling Co., Inc., Orange, Tex.---	1937-39		
Republic Rice Mill, Inc., Gueydan, La.-----	1937-39		
Rickert Rice Mills, Inc., New Orleans, La.---	1937-39		
Simon's Rice Mill, Crowley, La.-----	1937-39		
Smith Rice Mill, Inc., De Witt, Ark.-----	1937-39		
Steinhagen Rice Milling Co., Beaumont, Tex.---	1937-39		
Tyrrell Rice Milling Co., Beaumont, Tex.---	1937-39		
United Rice Milling Products Co., Inc., New Orleans, La.-----	1937-39		
Walton Rice Mill, Inc., Stuttgart, Ark.-----	1937-39		
Rice Export Corporation, Lake Charles, La.-----		12	1929-31
Formed in 1929 by rice millers in Louisiana and Texas, the association operated successfully for about 2 years, but in 1931 the members agreed to liquidate and thereafter export			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Rice Export Corporation—Continued. individually. (5 of these companies joined the Rice Export Association which was formed under the act in 1937.)			
<i>Members (stockholders)</i>			
Acadia Rice Mills, Rayne, La.....	1929-30		
Beaumont Rice Mills, Beaumont, Tex.....	1929-31		
El Campo Rice Milling Co., El Campo, Tex....	1929-31		
Galveston Rice Milling Co., Galveston, Tex....	1929-31		
Gulf Coast Rice Milling Co., Houston, Tex....	1930-31		
Iota Rice Milling Co., Iota, La.....	1929-31		
Kaplan Rice Mill, Kaplan, La.....	1929-31		
Lake Charles Rice Milling Co., Lake Charles, La.....	1929-31		
Louisiana State Rice Milling Co., Abbeville, La.....	1929-31		
Mutual Rice Co. of Louisiana, Inc., Crowley, La.....	1929-31		
Pritchard Rice Milling Co., Inc., Houston, Tex.....	1929-31		
Republic Rice Mill, Inc., Gueydan, La.....	1929-31		
Rubber Export Association, The, Akron, Ohio.....		10	1923-39
Formed late in 1922 by companies exporting rubber (including the Goodyear Tire & Rubber Export Co., which also files separately under the act), the association has operated successfully to date, reporting that "it is believed that this has resulted in materially improving the position of American suppliers in their competition with foreign suppliers in foreign markets."			
<i>Members</i>			
Firestone Tire & Rubber Co., Akron, Ohio.....	1923-28		
Firestone Tire & Rubber Export Co., Akron, Ohio.....	1928-39		
Fisk Tire Export Co., Inc., Chicopee Falls, Mass.....	1923-33		
General Tire & Rubber Export Co., Akron, Ohio.....	1926-39		
Goodyear Tire & Rubber Export Co., Akron, Ohio.....	1923-39		
International B. F. Goodrich Corporation, Akron, Ohio.....	1924-39		
Kelly Springfield Tire Export Co., Inc., New York.....	1926-33		
Lee Tire & Rubber Co. of New York, Inc., New York.....	1928-32		
Miller Rubber Export Co., Ltd., Akron, Ohio.....	1923-30		
United States Rubber Export Co., Ltd., New York.....	1923-39		

	Years	Total number of members	Period of association operation
Salmon Export Corporation, Seattle, Wash.----- Formed in 1926 to develop foreign markets for the purpose of disposing of surplus salmon packed in the Northwest, the association did some business in 1926, but in 1927 production fell far below normal, and thereafter there was no surplus to ship abroad. The corporation became dissolved in 1930.	-----	19	1926-30
<i>Members (stockholders)</i>			
Alaska Consolidated Canneries, Seattle, Wash.-----	1926-29		
Alitak Packing Co., Seattle, Wash.-----	1926-30		
Astoria & Puget Sound Packing Co., South Bellingham, Wash.-----	1926-30		
Carlisle Packing Co., Seattle, Wash.-----	1926-30		
Copper River Packing Co., Seattle, Wash.-----	1926-30		
Deep Sea Salmon Co., Seattle, Wash.-----	1926-30		
Emel Packing Co., Seattle, Wash.-----	1926-30		
Hidden Inlet Canning Co., Seattle, Wash.-----	1926-30		
Kadiak Fisheries Co., Seattle, Wash.-----	1926-30		
Myers, Geo. T., & Co., Seattle, Wash.-----	1926-30		
North Pacific Trading & Packing Co., San Francisco-----	1926-29		
Petersburg Packing Co., Seattle, Wash.-----	1926-30		
Pioneer Packing Co., Seattle, Wash.-----	1926-30		
Pioneer Sea Food Co., Seattle, Wash.-----	1926-30		
Pyramid Packing Co., Seattle, Wash.-----	1926-30		
Shepard Point Packing Co., Seattle, Wash.-----	1926-30		
Skinner, D. E., Seattle, Wash.-----	1929-30		
Stuart Corporation, Seattle, Wash.-----	1926-30		
Sunny Point Packing Co., Seattle, Wash.-----	1926-30		
Scrap Export Associates of America, New York.----- Formed in May 1937 to ship iron and steel scrap to foreign countries, the association was not successful in negotiating with foreign buyers, and therefore in November of the same year agreed to dissolve and sell individually.	-----	3	1937
<i>Members</i>			
Dreifus, Chas., Co., Philadelphia-----			
Joseph, Robert, New York-----			
Schiavone-Bonomo Corporation, New York.-----			
Shook Exporters Association, Memphis, Tenn.----- Formed late in 1931 to export wine-barrel shooks to foreign markets, the association has operated with offices in New York, Nashville, Tenn., Pekin, Ill., and Memphis, Tenn. It was at times handicapped by failure of the grape crop in Argentina (an important market) and by depression conditions in Latin-American markets; and reported	-----	8	1932-39

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Shook Exporters Association—Continued. that "it is only by operating as an association that we are able to maintain prices in face of increasing costs and competition from foreign producers."			
<i>Members</i>			
Brooklyn Cooperage Co., New York.....	1935-39		
Chickasaw Wood Products Co., Memphis, Tenn.....	1932-39		
Export Cooperage Co., Memphis, Tenn.....	1932-38		
Hamlen, J. H., & Son, Portland, Maine.....	1932-39		
Paducah Cooperage Co., Paducah, Ky.....	1932-36		
Pekin Cooperage Co., Pekin, Ill.....	1932-39		
Rocky River Coal & Lumber Co., Nashville, Tenn.....	1932-38		
Southport Corporation, Inc., New Orleans	1932-39		
Signal Export Association, New York.....		2	1931-39
Formed to export railway signal equipment and other apparatus to such foreign countries as the board of managers may determine, some sales were made to the Soviet, but the association is now inactive.			
<i>Members</i>			
General Railway Signal Co., New York.....	1931-39		
Union Switch & Signal Co., Swissville, Pa.....	1931-39		
South American Fruit Exporters, Inc., New York..		8	1927-31
This association was formed by New York export houses, to ship fruit to Latin-American markets, and operated successfully for several years. It was then affected by import restrictions in Argentina, which seriously curtailed the exportation of apples from this country. Some of the exporters in this group went out of business, and others discontinued their fruit exports. The association was, therefore, dissolved. During its operation it reported substantial savings through cooperative action, especially through negotiation of freight rates.			
<i>Members (stockholders)</i>			
Diedrichs & Co., New York.....	1927-30		
Fernandes, P. D., Co., New York.....	1927-30		
Holtorf & Lindner, Inc., New York.....	1930-31		
Park, Holtorf & Guy, New York.....	1927-30		
Sorenson & Co., Inc., New York.....	1927-30		
Steinhardt & Kelly, New York.....	1927-30		
Ultramares Corporation, New York.....	1927-30		
Waterman, Edmund, & Co., New York.....	1927-31		

[illegible]

Members

Armco International Corporation, The, Middletown, Ohio	1939
Bethlehem Steel Export Corporation, New York	1928-39
Central Tube Co., Pittsburgh	1928-37
Inland Steel Co., Chicago	1939
Jones & Laughlin Steel Co., Pittsburgh	1928-39
McKeesport Tin Plate Co., McKeesport, Pa.	1928-38
Newport Rolling Mill Co., The, Newport, Ky.	1939
Pittsburgh Steel Co., Pittsburgh	1932-39
Pittsburgh Steel Products Co., Pittsburgh	1928-32

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Steel Export Association of America, The—Con. Republic Iron & Steel Co., Youngstown, Ohio— Republic Steel Corporation, Youngstown and Cleveland, Ohio-----	1928-30 1930-39		
South Chester Tube Co., Chester, Pa-----	1928-33		
Spang, Chalfant & Co., Pittsburgh, Pa-----	1928-39		
United States Steel Products Co., New York--	1928-39		
Weirton Steel Co., Weirton, W. Va-----	1928-39		
Wheeling Steel Corporation, Wheeling, W. Va--	1928-39		
Youngstown Sheet & Tube Co., The, Youngs- town, Ohio-----	1928-39		
Sugar Export Corporation, New York-----		2	1922-39
Formed in 1922 to sell in export sugar and sugar products, for 2 large companies, the association reported a reduction of costs through centralization of the exports of member concerns in one common selling agency, a saving in cable and correspondence expense and economy in handling shipping papers and banking details. One of the members withdrew in 1933; the corporation has continued to export for the American Sugar Refining Co., and to file papers with the Commission, although it is no longer a combine.			
<i>Members (stockholders)</i>			
American Sugar Refining Co., The, New York--	1922-39		
National Sugar Refining Co. of New Jersey, New York-----	1922-33		
Sulphur Export Corporation, New York-----		13	1922-39
The association has been operating since 1922, selling crude sulfur in foreign markets. It reports success in building up an important foreign market for American sulfur. Ex- port terms of sale are agreed upon, and economy is effected by combining shipments and obtaining advantageous freight rates.			
<i>Members (stockholders)</i>			
Aldridge, Walter H., New York-----	1922-39		
Freeport Sulphur Co., New York-----	1937-39		
Freeport Texas Co., New York-----	1922-37		
Holmes, Ralph C., New York-----	1930-34		
Judson, Wilber, New York-----	1922-39		
Kilbreth, James T., New York-----	1928-39		
Norton, Eugene L., New York-----	1930-34		
Snider, Clarence A., New York-----	1922-34		
Swenson, Eric P., New York-----	1922-30		
Swenson, S. Magnus, New York-----	1922-30		
Texas Gulf Sulphur Co., New York-----	1922-39		
Union Sulphur Co., The., New York-----	1922-28		
Whiton, Henry, New York-----	1922-28		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Textile Export Association of the United States, New York	-----	77	1930-39
The association has been in successful operation since 1930 exporting textiles; the business is largely in cotton piece goods, cotton yarns, cotton and rayon and all rayon piece goods. It reports distinct advantage to the members through agreement upon selling terms, standardized service charges, negotiation of freight rates with steamship line conferences, and exchange of market information abroad, especially concerning exchange restrictions in foreign countries.			
<i>Members</i>			
Aimone, A. F., New York	1937-39		
American Enka Corporation, New York	1939		
Amory, Browne & Co., New York	1930-32		
Anderson, William, Textile Manufacturing Co., New York	1930-36		
Arnold Sales Corporation, New York	1935-37		
Baily, Joshua L., & Co., New York	1932-39		
Barrell, William L., Co., Inc., New York	1930-39		
Bear Mill Manufacturing Co., Inc., New York	1930-39		
Beir, Arthur, & Co., Inc., New York	1930-39		
Berliner, Edwin E., & Co., New York	1930-39		
Bernheimer, Jacob S., & Bro., New York	1930-36		
Bernstein, Harold, & Co., New York	1935-36		
	1938-39		
Bliss, Fabyan & Co., Inc., New York	1930-39		
Borden, M. C. D., & Sons, Inc., New York	1930-35		
Brand & Oppenheimer, Inc., New York	1936-39		
Brune, Nadler & Cuffe, New York	1937-39		
Brune, Pottberg & Co., New York	1930-37		
Callaway Mills, Inc., New York	1931-38		
Cannon Mills, Inc., New York	1930-33		
	1935-37		
Carnac Cottons, Inc., New York	1937-39		
Casas & Co., New York	1934-35		
Castillo, Rafael del, & Co., New York	1930-33		
Cohn-Hall-Marx Co., New York	1933-39		
Cone Export & Commission Co., New York	1935-39		
Consolidated Selling Co., Inc., New York	1930-32		
Crystal Springs Bleachery, Inc., New York	1932-39		
du Pont, E. I., de Nemours & Co., New York	1938-39		
Epstein, Leo J., New York	1937-39		
Erwin Yarn Agency, Inc., Philadelphia	1930-31		
Erwin Yarn Co., Inc., Philadelphia	1931-34		
Federated Textiles, Inc., New York	1933-39		
Fine Goods Sales Associates, Inc., New York	1937-39		
Fluegelman, N., & Co., New York	1930-32		
Franklin Manufacturing Co., Inc., New York	1935-39		
Garner & Co., Inc., New York	1930-32		
Getz Bros., New York	1939		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Textile Export Association of the United States—Continued.			
Glass, Henry, & Co., New York.....	1930-39		
Griffin, Charles E., & Co., New York.....	1930-32		
Hall, Louis F., & Co., Inc., New York.....	1930-32		
Haywood, Mackay & Valentine, Inc., New York.....	1935-36		
Haywood-Mackay Department, Bliss, Fabyan & Co., Inc., New York.....	1937-38		
Heaney, Everett, & Co., Inc., New York.....	1932-34		
Heymann Mercantile Co., Inc., New York.....	1933-39		
Hinck, Otto H., New York.....	1930-39		
Iselin-Jefferson Co., New York.....	1930-33		
	1938-39		
Johnson Arthur R., Co., New York.....	1937-39		
Julliard, A. D., & Co., Inc., New York.....	1935-39		
Lampart Manufacturers Supply Co., Inc., The, New York.....	1930-39		
Leveen, E. F., & Co., New York.....	1930-33		
Lowenstein, M., & Sons, Inc., New York.....	1930-32		
	1935-39		
McKay, W. E., & Co., New York.....	1935-39		
Manufacturers Textile Export Co., Inc., New York.....	1931-39		
Minot, Hooper & Co., New York.....	1930-39		
Mosheim, E., & Co., Inc., New York.....	1930-37		
Munoz & Co., New York.....	1933-39		
Nashua Manufacturing Co., Inc., New York.....	1930-39		
Neuss, Hesslein & Co., Inc., New York.....	1930-39		
Noveltex, Inc., New York.....	1930-31		
Pacific Mills, New York.....	1930-39		
Paulson, Linkroum & Co., New York.....	1930-32		
Pepperell Manufacturing Co., New York.....	1930-31		
Pollack, Max, & Co., New York.....	1935-39		
Prince, Lauten Corporation, New York.....	1930-39		
Princely Mills Co., Inc., New York.....	1932-35		
Simpson, William, Sons & Co., New York.....	1937-39		
Smith, Kirkpatrick & Co., Inc., New York.....	1930-36		
Southeastern Cottons, Inc., New York.....	1934-39		
Stafford, G. A., & Co., New York.....	1930-39		
Stettauer Harris & Raphael, New York.....	1930-31		
Stevens, J. P., & Co., Inc., New York.....	1930-31		
Taylor, Clapp & Beall, New York.....	1930-32		
Tilton & Keeler, Inc., New York.....	1930-32		
Trippe, Barker & Co., New York.....	1931-36		
Turner, Halsey Co., New York.....	1930-39		
United Merchants & Manufacturers Export Co., New York.....	1930-32		
Wellington, Sears & Co., New York.....	1930-31		
Woodward, Baldwin & Co., New York.....	1930-39		
Textile Manufacturers Alliance, Inc., New York.....		36	1919-20
This association was formed in 1919 as the Textile Alliance Export Corporation, changing its name in the same year to the title listed above. Its purpose was to export cotton			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Textile Manufacturers Alliance, Inc.—Continued.			
and woollen fabrics, yarns, hosiery, underwear, and blankets. It operated at first as agent for the members, then reorganized to purchase the goods from the producers and resell them abroad. It wished, however, to ship to the Philippines, and also to import products received in exchange for exports; since these were not export functions within the terms of the law, the association withdrew from operation under the act.			
<i>Members (stockholders)</i>			
American Association of Woolen and Worsted Manufacturers, New York.....	1919		
American Woolen Products Co., New York.....	1919-20		
Association Cotton Textile Merchants, New York.....	1919		
Baily, Joshua L., & Co., New York.....	1919-20		
Baldwin, William H., New York.....	1919-20		
Bates, W. C., New York.....	1919-20		
Bliss, Fabyan & Co., New York.....	1919-20		
Borden, M. C. D., & Sons, New York.....	1919-20		
Cannon Mills, New York.....	1919-20		
Catlin & Co., New York.....	1919-20		
Cone Export & Commission Co., New York....	1919-20		
Converse & Co., New York.....	1919		
Deering, Milliken & Co., New York.....	1919-20		
Duval, W. H., & Co., New York.....	1919-20		
Howe, Henry W., New York.....	1919-20		
Iselin, Wm., & Co., New York.....	1919-20		
Kunhardt, Geo. E., Corporation, New York....	1919-20		
Lawrence, John S., Boston.....	1919-20		
McKenney, H. P., & Co., New York.....	1919-20		
Metcalf, Manton B., New York.....	1919-20		
Munn, John R., New York.....	1919-20		
National Association of Wool Manufacturers, Boston.....	1919		
National Council of American Cotton Manufacturers, Charlotte, N. C.....	1919-20		
Nichols, Geo., New York.....	1919-20		
Parker, Wilder & Co., New York.....	1919-20		
Poor, J. Harper, New York.....	1919-20		
Rupprecht, Frederick K., New York.....	1919-20		
Smith, Hogg & Co., New York.....	1919-20		
Stevens, J. P., & Co., New York.....	1919-20		
Taubel, Wm. F., Inc., New York.....	1919-20		
Turner, J. Spencer, Co., New York.....	1919-20		
Turner, Halsey Co., New York.....	1919-20		
Watts, Ridley, New York.....	1919		
Watts, Stebbins & Co., New York.....	1919-20		
Whitman, Wm., Co., Inc., New York.....	1919-20		
Wood, Geo., Sons & Co., Philadelphia.....	1919-20		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
<p>United States Alkali Export Association—Con. sources, relative to the status of foreign markets, in the matter of prices, shipping facilities, consular regulations, stocks on hand, and the credit situation. A comprehensive study of certain foreign markets has been possible, and competition from abroad has been met through the efforts of the association more satisfactorily than if business had been secured individually by the members. In summary, the association reports that "we have become more convinced of the necessity for united effort in matters of foreign trade due to the experience and knowledge we have gained since operating under the Webb law." The association cooperates with the California Alkali Export Association, formed under the Webb law in 1936.</p> <p><i>Members (stockholders)</i></p> <p>Church & Dwight Co., Inc., New York..... Columbia Chemical Co., Cincinnati..... Columbia Development Corporation, Pittsburgh..... Diamond Alkali Co., Pittsburgh..... Dow Chemical Co., Midland, Mich..... Hooker Electrochemical Co., New York..... Mathieson Alkali Works, Inc., New York..... Michigan Alkali Co., Detroit..... Niagara Alkali Co., New York..... Pennsylvania Salt Manufacturing Co., Philadelphia..... Pittsburgh Plate Glass Co., Pittsburgh..... Republic Chemical Co., Pittsburgh..... Solvay Process Co., Syracuse, N. Y..... Southern Alkali Corporation, Pittsburgh..... Vulcan Detinning Co., Sewaren, N. J..... Warner-Klipstein Chemical Co., New York..... Westvaco Chlorine Products, Inc., New York.....</p>	<p>1930-39 1919-20 1935-39 1919-39 1934-39 1919-39 1919-39 1919-39 1934-39 1919-39 1920-35 1919-20 1919-39 1935-39 1920-21 1919-22 1922-39</p>		
<p>United States Button Export Co., Muscatine, Iowa Formed in 1921 to export the products of the United States Button Co., and to cooperate in export policies with other button exporters, through the Webb law group, Associated Button Exporters of America, Inc., the association found it impossible to compete in the European market with Czechoslovakian producers. It did some business in Latin-American countries, but there met with severe competition from Japanese buttons. It finally became dissolved in 1928.</p>	-----	4	1921-28

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
United States Button Export Co.—Continued.			
<i>Members (stockholders)</i>			
Adams, A. C., Muscatine, Iowa.....	1922-23		
Hagermann, Edw., Muscatine, Iowa.....	1922-23		
Steinmetz, Paul, Muscatine, Iowa.....	1922-23		
United States Button Co., Muscatine, Iowa...	1921-28		
United States Forest Products Co., Kansas City, Mo.....		13	1919-22
Formed in 1919 to export yellow pine lumber and wood products generally, the association never came into operation, and was finally dissolved.			
<i>Members (stockholders)</i>			
Bonner, B. F., Kirby Lumber Co., Houston, Tex.....	1919-22		
Burgoyne, C. R., Bagdad Land & Lumber Co., Pensacola, Fla.....	1919-22		
Carney, W. M., Mill Co., Atmore, Ala.....	1919-22		
Clark, A. L., Standard Lumber Co., Dallas, Tex.....	1919-22		
Hallowell, R. M., Industrial Lumber Co., Elizabeth, La.....	1919-22		
Joyce, A. G., Tremont Lumber Co., Chicago.....	1919-22		
Joyce, James S., Trinity County Lumber Co., Groveton, Tex.....	1919-22		
Keith, Charles S., Delta Land & Timber Co., Kansas City, Mo.....	1919-22		
McLane, J. R., Alabama & Florida Lumber Co., Noma, Fla.....	1919-22		
Peavy, A. J., Peavy-Byrnes Lumber Co., Shreveport, La.....	1919-22		
Rosasco, Peter, Bay Point Mill Co., Pensacola, Fla.....	1919-22		
Wiener, Eli, Angelina County Lumber Co., Keltys, Tex.....	1919-22		
Wier, R. W., Long Leaf Lumber Co., Houston, Tex.....	1919-22		
United States Handle Export Co., The Piqua, Ohio.....		15	1919-39
Formed in 1919 to export wooden handles for tools, shovels, brooms, etc., also churns, woodenware, and hardwood flooring, the association operated successfully for several years, reporting economy through cooperative selling, elimination of separate export departments, distribution of orders among the members, standardization of grades, and saving in freight rates through consolidation of shipments. During the depression it reported difficulty in selling at profitable prices, due to reduced purchasing power in foreign			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
United States Handle Export Co.—Continued.			
markets: "This is particularly true, since our goods are used principally in agricultural areas and the prices of agricultural products are very low." In 1932 the association offices were closed "due to depressed conditions and state of trade in foreign countries." Reports were filed with the Commission until 1939 in the hope that conditions would improve, but the name has now been removed from the Commission's list.			
<i>Members (stockholders)</i>			
Barnett, C. H., Piqua, Ohio.....	1919-39		
Bassett, H. Lee, Cleveland, Ohio.....	1919-39		
Bassett, Herbert W., and estate of Herbert W. Bassett, Columbus, Ind.....	1919-29		
Bassett, Myra W., and estate of Myra W. Bassett, Columbus, Ind.....	1919-23		
Bassett, William F., Columbus, Ind.....	1919-39		
Crook, Son & Co., Hicksville, Ohio.....	1928-39		
Durrell, George B., Cleveland, Ohio.....	1927-39		
Ferguson, A. W., Willoughby, Ohio.....	1927-39		
Flesh, L. M., Piqua, Ohio.....	1919-20		
LaFontaine Handle Co., Decatur, Ind.....	1927-39		
Leonard, A. M., Piqua, Ohio.....	1919-24		
May, J. E., Columbus, Ind.....	1920-23		
Rogers, William Cook, Piqua, Ohio.....	1919-39		
Ross, C. A., Piqua, Ohio.....	1924-39		
Way, C. S., Columbus, Ind.....	1920-23		
United States Maize Products Export Association, Inc., New York City and Wilkes-Barre, Pa.....	-----	18	1919-26
Organized in 1919 as the American Maize Products Export Association, an unincorporated group, the association was incorporated in 1920, and the name was changed to United States Maize. Its purpose was to export "products of degerminated Indian corn or maize" as agent for the member mills. Some shipments were made, but the association was unable to develop a foreign market, reporting in 1924 that "there has been no demand for corn products, and we are merely holding the corporation intact in hopes there may be a favorable change and a chance to transact business." It was finally dissolved in 1926.			
<i>Members (stockholders)</i>			
Adams, W. N., Arkadelphia, Ark.....	1922-25		
American Hominy Co., Indianapolis.....	1919-22		
Arkadelphia Mill Co., Arkadelphia, Ark.....	1921-22		
	1926		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
United States Maize Products Export Association—Continued.			
Aunt Jemima Mill Co., St. Joseph, Mo.....	{1921-22 1926		
Ballard & Ballard Co., Louisville, Ky.....	1919-22		
Chivington, T. M., Chicago.....	1922-25		
Clark, Rob't R., St. Joseph, Mo.....	1922-25		
International Milling Co., New Prague, Minn..	1920-22		
Krouse, Chas. A., Mill Co., Milwaukee.....	1919-22		
Lafayette Corn Flour Mills, Lafayette, Ind....	1919-22		
Licht, Louis J., Geneva, N. Y.....	1922-25		
Louisville Cereal Mill Co., Louisville, Ky.....	1919-22		
Miner, Asher, Wilkes-Barre, Pa.....	1922-25		
Miner, Rob't C., Wilkes-Barre, Pa.....	1922-25		
Miner-Hillard Milling Co., Wilkes-Barre, Pa....	{1919-22 1926		
Patent Cereals Co., Geneva, N. Y.....	{1919-22 1926		
Standard Cereal Co., Chillicothe, Ohio.....	1919-22		
Wathen Mill Co., Louisville, Ky.....	1919-22		
United States Office Equipment Export Association, New York.....		3	1918-23
Organized for the purpose of exporting office desks, filing cabinets, bookcases, and other office equipment the association reported that "the fact that one concern is able to supply everything necessary for the equipment of a modern office is an advantage in the handling of foreign sales." The New York office of the association was said to be of great convenience to factories located inland. In 1923, however, the members voted to sell separately, and the association was dissolved.			
<i>Members</i>			
Commercial Furniture Co., Chicago.....	1918-23		
Globe-Wernicke Co., The, Cincinnati.....	1918-23		
Marble, B. L., Chair Co., The, Bedford, Ohio....	1918-23		
United States Provision Export Corporation, Chicago.....		24	1919-22
Formed in 1919 to export food products, principally packing-house, agricultural, and dairy products, the association operated until 1922, but reported obstacles in developing business abroad, such as financial difficulties of buyers, dropping markets, and losses due to cancelation of contracts. It therefore went out of business.			
<i>Members (stockholders)</i>			
Arnold Bros., Chicago.....	1919-22		
Blumenstock & Reid, Cleveland.....	1919-22		
Burkhardt, Henry, Packing Co., Dayton, Ohio...	1919-22		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued¹

	Years	Total number of members	Period of association operation
United States Provision Export Corporation—Continued.			
Columbus Packing Co., Columbus, Ohio.....	1919-22		
Drovers Packing Co., Kansas City, Kans.....	1919-22		
Dyer, W. H., Packing Co., Evansville, Ind.....	1919-22		
East Side Packing Co., East St. Louis, Ill.....	1919-22		
Evansville Packing Co., Evansville, Ind.....	1919-22		
Focke, Wm., Sons Co., Dayton, Ohio.....	1919-22		
Home Packing & Ice Co., Terre Haute, Ind.....	1919-22		
Interstate Packing Co., Winona, Minn.....	1919-22		
Lake Erie Provision Co., Cleveland, Ohio.....	1919-22		
Louisville Provision Co., Louisville, Ky.....	1919-22		
Mayer, Oscar F., & Bro., Chicago.....	1919-22		
Nuckolls Packing Co., Pueblo, Colo.....	1919-22		
Ogden Packing & Provision Co., Ogden, Utah.....	1919-22		
Ohio Provision Co., Cleveland, Ohio.....	1919-22		
Powers, Begg & Co., Jacksonville, Ill.....	1919-22		
Rath Packing Co., Waterloo, Iowa.....	1919-22		
Ruddy, Thos., Co., Kansas City, Kans.....	1919		
Sucher, Chas., Packing Co., Dayton, Ohio.....	1919-22		
Theurer Norton Provision Co., Cleveland, Ohio.....	1919-22		
Wilson Provision Co., Peoria, Ill.....	1919-22		
Wolff, Chas., Packing Co., Topeka, Kans.....	1919		
Walnut Export Sales Co., Inc., Kansas City, Kans. (formerly in Chicago, Ill.).	-----	19	1919-3
<p>Formed in 1919 to export walnut and walnut products (also Indiana white oak logs), the association has operated successfully to date, reporting that "by combining the resources of stocks, experience, etc., of several mills, we at one time reduce the costs of exporting as compared to individual operation, increase the ability to supply practically all items in our line, enjoy the effects of greater prestige in the foreign markets, and control in a greater measure the standards of measurement and quality."</p>			
<i>Members (stockholders)</i>			
Amos Lumber Co., Edinburg, Ind.....	1928-29		
Amos-Thompson Co., Edinburg, Ind.....	1929-39		
Barnaby, Chas. H., Greencastle, Ind.....	1928-32		
Central Timber Export Co., New York.....	1919-22		
Chillicothe Gunstock Manufacturing Co., Chillicothe, Ohio.....	1919		
Des Moines Sawmill Co., Des Moines, Iowa...	1919-28		
Hartzell, Geo. W., Piqua, Ohio.....	1919-28		
Hoffman Bros. Co., Fort Wayne, Ind.....	1919-22		
Hoosier Veneer Co., Indianapolis, Ind.....	1919-22		
Langton Lumber Co., Pekin, Ill.....	1919-23		
Long Knight Lumber Co., Indianapolis, Ind...	1919-35		
Maley & Wertz Lumber Co., Evansville, Ind...	1928-39		
Mowbray & Robinson Lumber Co., Cincinnati, Ohio.....	1922-32		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Walnut Export Sales Co., Inc.—Continued.			
Penrod Walnut & Veneer Co., Kansas City, Mo.....	1919-28		
Pickrel Walnut Co., St. Louis, Mo.....	1919-28		
Pierson Hollowell Lumber Co., Indianapolis.....	1928-39		
Purcell, Frank, Walnut Lumber Co., Kansas City, Kans.....	1919-39		
Ransom, John B., & Co., Nashville, Tenn.....	1919-22		
Wood-Mosaic Co., Inc., Louisville, Ky.....	1923-28		
Walworth International Co., New York (formerly in Boston, Mass.).....		1	1920-39
<p>Formed in 1920 to act as selling agent for the Walworth (Manufacturing) Co. and several other producers of pipe fittings and valves, the association has operated successfully to date, reporting that "the success of the Walworth International Co. as a Webb-Pomerene organization, we believe, is due chiefly (if not wholly) to the fact that we have gone into the business of foreign trade in what we feel is an intelligent manner and have followed a consistent policy year in and year out, in good times and in poor times, of maintaining a foreign field organization. Through such organization we have been enabled to build up and maintain a recognition of the quality of our brand. This quality reputation, together with goodwill created by the maintenance of a continued foreign sales force, has enabled us to continue to secure business even in the face of European and Japanese price competition of a very serious type."</p> <p>The company is a member of the Pipe Fittings and Valve Export Association, also filing papers under the act.</p> <p>All stock has been held by the Walworth Manufacturing Co., now called the Walworth Co., of Boston and New York.</p>			
Western Plywood Export Co., Tacoma, Wash.....		27	1926-36
<p>Formed in 1927 to export veneers, plywood, and plywood products to foreign countries, the association reported better service to buyers, lower selling cost to the individual mills, and the opportunity to distribute specifications to individual member mills which best fit their operation. The association undertook exploitation work at a low cost, which was not possible for the individual mills. In 1935 another plywood export association was formed, and members of the western plywood group decided to dissolve the first and join the second. (See Pacific Forest Industries.)</p>			

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Western Plywood Export Co.—Continued.			
<i>Members (stockholders)</i>			
Aircraft Plywood Corporation, Seattle, Wash.....	1930-33		
Autzen, Thomas, Portland, Oreg.....	1929-31		
Bailey, Wm., Seattle, Wash.....	1932-33		
Bartells, G. L., Seattle, Wash.....	1929-30		
Buffelen Lumber & Manufacturing Co., Tacoma, Wash.....	1927-36		
Calloway, E. J., Tacoma, Wash.....	1931-36		
Elliott Bay Mill Co., Seattle, Wash.....	1927-36		
Garland, Philip (trustee), Tacoma, Wash.....	1929-31		
Harbor Plywood Co., Hoquiam, Wash.....	1927-29		
Mackall-Paine Veneer Co., Vancouver, Wash.....	1927-30		
Nicolai, H. T., Tacoma, Wash.....	1931-36		
Oregon-Washington Plywood Co., Tacoma, Wash.....	1930-36		
Osgood, Geo. J., Tacoma, Wash.....	1929-31		
Peterman Manufacturing Co., Tacoma, Wash.....	1931-36		
Peterman, T. A., Tacoma, Wash.....	1931-36		
Portland Manufacturing Co., Portland, Oreg.....	1927-30		
Robinson, Jack, Everett, Wash.....	1929-30		
Robinson Manufacturing Co., Everett, Wash.....	1928-30		
Simpson, Phillip, Tacoma, Wash.....	1929-36		
Spencer, C. L., Seattle, Wash.....	1930-36		
Tacoma Veneer Co., Tacoma, Wash.....	1927-30		
Treasury of the Corporation (stock held by Philip Garland, trustee, transferred to Treasury of the Corporation in 1929).....	1929-36		
Walton, E. Q., Everett, Wash.....	1929-36		
Walton Veneer Co., Everett, Wash.....	1927-30		
Washington Veneer Co., Olympia, Wash.....	1927-36		
Westman, E. E., Olympia, Wash.....	1929-36		
Wheeler Osgood Sales Corporation, The, Tacoma, Wash.....	1927-36		
Wisconsin Canners Export Association, Manitowoc, Wis.....		36	1920-29
Formed in 1919 by Wisconsin canners for the purpose of selling canned vegetables (especially peas) under a common label, in foreign markets, the association was not successful in developing an export business. It filed papers for several years in the hope that business might be obtained but finally became dissolved in 1929.			
<i>Members</i>			
Adell Canning Co., Adell, Wis.....	1920-29		
Antigo Canning Co., Antigo, Wis.....	1920-29		
Badger Canning Co., Beaver Dam, Wis.....	1920-29		
Beaver Canning Co., Beaver Dam, Wis.....	1920-29		
Cambria Canning Co., Cambria, Wis.....	1920-29		
Cedarburg Canning Co., Cedarburg, Wis.....	1920-29		
Chilton Canning Co., Chilton, Wis.....	1920-29		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Wisconsin Cannery Export Association—Con.			
Dutch Canning & Pickling Co., Cedar Grove, Wis.....	1920-29		
Fairwater Canning Co., Markesan, Wis.....	1920-29		
Fort Atkinson Canning Co., Fort Atkinson, Wis.....	1920-29		
Fox Lake Canning Co., Fox Lake, Wis.....	1920-29		
Fuhrman Canning Co., De Forest, Wis.....	1920-29		
Hartford Canning Co., Hartford, Wis.....	1920-29		
Herfort, Frank, Canning Co., Baraboo, Wis.....	1920-29		
Holmen Canning Co., Holmen, Wis.....	1920-24		
Iron Ridge Canning Co., Iron Ridge, Wis.....	1920-29		
Krier Preserving Co., Belgium, Wis.....	1920-29		
Lake Shore Canning Co., Sheboygan, Wis.....	1920-29		
Lakeside Packing Co., Manitowoc, Wis.....	1923-29		
Markesan Canning Co., Markesan, Wis.....	1920-29		
Mayville Canning Co., Mayville, Wis.....	1920-29		
Milwaukee River Canning Co., Thiensville, Wis.....	1920-29		
New Holstein Canning Co., New Holstein, Wis.....	1920-29		
Onalaska Canning Co., Onalaska, Wis.....	1920-29		
Oostburg Canning Co., Oostburg, Wis.....	1920-29		
Owen Canning Co., Owen, Wis.....	1920-29		
Prairie View Canning Co., Randolph, Wis.....	1920-29		
Randolph Canning Co., Randolph, Wis.....	1920-29		
Rockfield Canning Co., Rockfield, Wis.....	1920-29		
Sauk City Canning Co., Sauk City, Wis.....	1920-29		
Sun Prairie Canning Co., Sun Prairie, Wis.....	1920-29		
Watertown Canning Co., Watertown, Wis.....	1920-29		
Waupun Canning Co., Waupun, Wis.....	1920-29		
West Bend Canning Co., West Bend, Wis.....	1920-29		
West Salem Canning Co., West Salem, Wis.....	1920-29		
Wisconsin Pea Cannery Co., Manitowoc, Wis.....	1920-23		
Wood Naval Stores Export Association, Wilmington, Del.....		5	1935-38
Formed in 1935 to export wood naval stores (rosin and pine oil produced by wood distillation) through the export offices of the Hercules Powder Co., the association operated successfully until 1938, when another export association was formed to ship the same products, and some of the members of the first group joined the second. (See International Wood Naval Stores Export Association.) The first group was, therefore, dissolved. It was reported that operation of the association "contributed a great deal to the orderly marketing of pine oil and F. F. wood rosin in the export channels."			
<i>Members</i>			
Continental Turpentine & Rosin Corporation, Laurel, Miss.....	1936-37		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING 2,074 MEMBER COMPANIES—Continued

	Years	Total number of members	Period of association operation
Wood Naval Stores Export Association—Con. Dixie Pine Products Co., Hattiesburg, Miss. Hercules Powder Co., Wilmington, Del. Mackie Pine Products Co., Covington, La. Phoenix Naval Stores Co., Gulfport, Miss.	1935-38 1935-38 1935-38 1935-38	13	1920-23
Wood Pipe Export Co., Seattle, Wash. Formed in 1920 to export wood pipe, wood tanks and silos, and accessories, to foreign countries, the association did some business in South America but was unable to develop enough trade to warrant continuing the organization. It therefore became dissolved in 1923.	-----		
<i>Members (stockholders)</i>			
American Wood Pipe Co., Tacoma, Wash. Continental Pipe Manufacturing Co., Seattle. Garrison, T. B. (trustee), Seattle. Gerken, G. T., San Francisco. Insinger, F. N., Tacoma, Wash. Long, Joe L. (trustee), Seattle. Morrill, Vaughan (trustee), Tacoma, Wash. Munroe, H. K., Seattle, Wash. Pacific Tank & Pipe Co., San Francisco. Pitcher, E. C. (trustee), San Francisco. Redwood Manufacturers Co., San Francisco. Wood, C. J. (trustee), San Francisco. Worden, H. B., San Francisco.	1920-23 1920-23 1920 1920-23 1920-23 1920-23 1920-23 1920-23 1920-23 1920-23 1920-23 1920-23 1920-23	13	1925-34
Zinc Export Association, Inc., New York. Formed in 1925 to sell metallic zinc in slabs, in export trade, the association operated successfully for several years. One of the members acted as forwarding agent for all, thereby effecting a saving in expense. It was also reported that "by operating through this association our members had the advantage of dealing as a unit with foreign competition and were enabled to more readily view market conditions abroad, and by concentration of information and ideas were able to arrive at a constructive sales policy so far as their export tonnage was concerned." During the depression, however, prices abroad were lower than those in the United States, and the members were unwilling to sell at the lower levels. The association was inactive for several years, for this reason, and was finally dissolved in 1934.	-----		
<i>Members (stockholders)</i>			
American Metal Co., Ltd., The, New York. American Zinc, Lead & Smelting Co., Boston, Mass., and St. Louis, Mo.	1925-34 1925-34		

120 ASSOCIATIONS FORMED UNDER THE EXPORT TRADE
ACT, APRIL 1918 TO DECEMBER 1939, REPRESENTING
2,074 MEMBER COMPANIES—Continued

	Years	Total num- ber of members	Period of associ- ation opera- tion
Zinc Export Association, Inc.—Cnntinued.			
Athletic Mining & Smelting Co., Joplin, Mo.---	1925-30		
Eagle-Picher Lead Co., The, Chicago, Ill., and Cincinnati, Ohio-----	1925-34		
Fort Smith Spelter Co., The, Greencastle, Ind.---	1925-34		
Grasselli Chemical Co., The, Cleveland, Ohio---	1925-34		
Hegeler Zinc Co., The, Danville, Ill.-----	1925-34		
Illinois Zinc Co., Chicago, Ill.-----	1925-33		
Kusa Spelter Co., Kansas City, Mo.-----	1929-33		
Matthiessen & Hegeler Zinc Co., La Salle, Ill.---	1925-32		
Quinton Spelter Co., The, Joplin, Mo.-----	1925-31		
United Metals Selling Co., New York.-----	1927-28		
United Zinc Smelting Corporation, New York---	1925-34		

EXHIBIT 4

[First Report Form]

FEDERAL TRADE COMMISSION

WASHINGTON, D. C.

FIRST REPORT FROM EXPORT ASSOCIATIONS

DUE WITHIN 30 DAYS AFTER CREATION

1. Name-----
Address-----
(Here insert address of principal office)

2. *Statement.*—This corporation or association was organized or entered into for the sole purpose of engaging in export trade and is now or about to be solely engaged in the export trade as defined in the Export Trade Act, approved April 10, 1918, viz: "Trade or commerce in goods, wares, or merchandise exported or in the course of being exported from the United States or any territory thereof, to any foreign nation."

3. There is hereunto annexed and made a part hereof a schedule showing in paragraph "A" the location of its offices or places of business; in paragraph "B," the names and addresses of all its officers and directors; in paragraph "C," the names and addresses of all its stockholders or members; in paragraph "D," the products to be exported; and in paragraph "E," the capital authorized and paid in.

4. There is also annexed (F) a brief statement describing its methods and plan under which it is doing business, a statement of its relations with other associations, corporations, and individuals, and such other information as this company or association deems should be in the export files of the Federal Trade Commission.

5. If a corporation, a copy of its certificate or articles of incorporation and by-laws is annexed and filed, and if unincorporated, a copy of its articles or contract of association.

By -----

STATE OF -----

County of -----, ss:

-----, being first duly sworn, on oath deposes and says that he is an officer, to wit, ----- of the above-named corporation or association; that he has read the foregoing report and schedules annexed, and that the same are in all respects true and correct.

(Verifying officer sign here)

Subscribed and sworn to before me this ---- day of -----, 19--.

-----,
Notary Public.

SCHEDULE 1

(A) The following are the locations of all offices and places of business:

(B) The following were officers or directors, as of _____ (Date)

Names	Office Held	Addresses
-----	-----	-----
-----	-----	-----
-----	-----	-----

(C) The following were stockholders or members _____ (Date) :

Names	Addresses	Number of Shares
-----	-----	-----
-----	-----	-----
-----	-----	-----

(D) It desires to be classified as engaged in exporting the following products, viz:

(Please limit to products now or about to be exported and supplement by letter when others are taken on)

(E) Capital:

(1) Authorized preferred, \$---; par value, \$---; issued, \$---; paid in, \$---

(2) Authorized common, \$---; par value, \$---; issued, \$---; paid in, \$---

(F) The following briefly describes the methods and plan under which our business is done and states our relations with other associations, corporations, and individuals, with such other information as we deem should be in the export files of the Federal Trade Commission:

NOTES

1. The information required by this report is to be furnished to the Federal Trade Commission under "An act to promote export

trade, and for other purposes," approved April 10, 1918 (the Export Trade Act), which provides in section 5 thereof as follows:

SEC. 5. That every association now engaged solely in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of corporation and by-laws, and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and it shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States. * * *

2. The word "association" wherever used in the "export trade act" or in this report means "any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations."

EXHIBIT 5

[Annual Report Form]

FEDERAL TRADE COMMISSION

WASHINGTON, D. C.

REPORT FROM EXPORT ASSOCIATIONS

DUE JANUARY 1, 194--, OF:

1. Name-----
Address-----
(Here insert address of principal officer)

2. *Statement.*—This corporation or association was organized or entered into for the sole purpose of engaging in export trade and is now solely engaged in the export trade as defined in the Export Trade Act, approved April 10, 1918, viz: "Trade or commerce in goods, wares, or merchandise exported or in the course of being exported from the United States or any territory thereof, to any foreign nation."

3. There is hereunto annexed and made a part hereof a schedule showing in paragraph "A" the location of its offices or places of business; in paragraph "B," the names and addresses of all its officers and directors; in paragraph "C," the names and addresses of all its stockholders or members; in paragraph "D," all amendments to and changes in its articles or certificate of incorporation, or articles or contract of association and bylaws, since its last report to the Federal Trade Commission

4. There is also annexed (E) a brief statement describing its methods and plan under which it is doing business, a statement of its relations with other associations, corporations, and individuals, and such other information as this company or association deems should be in the export files of the Federal Trade Commission.

By-----

STATE OF-----

County of-----, ss:

-----, being first duly sworn, on oath deposes and says that he is an officer, to wit, ----- of the above-named corporation or association; that he has read the foregoing report and schedules annexed and that the same are in all respects true and correct.

(Verifying officer sign here)

Subscribed and sworn to before me this ---- day of -----, 19 --.

-----,
Notary Public.

SCHEDULE 1

(A) The following are the locations of all offices and places of business:

(B) The following were officers or directors, as of January 1, 194 :

Names	Office held	Addresses

(C) The following were stockholders or members, as of January 1, 194 :

Names	Addresses	Number of shares

(D) Since the last report to the Federal Trade Commission the articles of or certificate of incorporation, articles of association, and bylaws have been amended or changed as follows:

(E) The following briefly describes the methods and plan under which our business is done and states our relations with other associations, corporations, and individuals, with such other information as we deem should be in the export files of the Federal Trade Commission:

NOTES

1. The information required by this report is to be furnished to the Federal Trade Commission under "An act to promote export trade, and for other purposes," approved April 10, 1918 (the Export Trade Act), which provides in section 5 thereof as follows:

SEC. 5. That every association now engaged solely in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses

of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and bylaws, and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and it shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States. * * *

2. The word "association" wherever used in the "export trade act" or in this report means "any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations."

EXHIBIT 6

[Federal Trade Commission, Foreign Trade Series No. 1]

DISCUSSION OF AND PRACTICE AND PROCEDURE UNDER THE EXPORT TRADE ACT (WEBB-POMERENE LAW), 1919

- | | |
|--|--|
| 1. Practice and Procedure. | 4. Sections 73, 76, and 77, Wilson Tariff Act (approved August 27, 1894, amended February 12, 1913). |
| 2. Discussion of the Export Trade Act. | 5. Section 6 (h) Federal Trade Commission Act (foreign investigations). |
| 3. An Act to Promote Export Trade (Webb Law; Public, 126, 65th Cong.). | |

PRACTICE AND PROCEDURE

The very numerous requests for copies of the Export Trade Act (Webb-Pomerene law) and the large number of inquiries about it call for the publication of a separate pamphlet by this Commission for the information of those desiring to cooperate in the development of our foreign trade through associations formed under that act.

In several instances suggestions have been made as to modifications of proposed articles of incorporation, already filed, in order that these associations may clearly come within the provisions of the act. The Commission is authorized by this law to make recommendations as to how export associations may conform their business to the law, and, within its powers, it proposes to advance step by step in aid of the export needs of the country. It desires to constantly work in cooperation with those who form export associations and also with those who may consider themselves or the public in any way injuriously affected by the methods and practices of such associations.

Where doubt exists as to whether a given method or practice is proper or not, it would seem advisable that the matter be voluntarily presented to the Commission in the early stages, without awaiting its later discovery and possible correction. The second paragraph of section 5 of the Webb Act describes the few formalities as to such procedure.

The Commission has prepared blanks, available on request, for making the first and 1919 annual report which enables an easier compliance with section 5 of the Webb Act.

Should it become necessary for an export association, or for others engaged in the export trade, to seek the enforcement of the Commission's power to prevent unfair methods of competition under section 4 of the Webb Act, the rules of practice do not require formalities in the filing of information or the lodging of complaints, but it is worth remembering that the fuller and more exact the information and references as to proof thereof, the speedier the results before the Commission. This is especially true where the charges come from foreign

countries where the time necessary for transmission might render the case academic through the sheer lapse of time. Where allegations come from abroad the procedure of the Commission can be more quickly set in motion if the papers are in such condition as to give the Commission "reason to believe" that alleged facts exist. Copies of letters, advertisements, exhibits, and affidavits are extremely helpful, as also the names of witnesses and sources of information both in this country and abroad.

As the Commission can proceed on its own initiative, it is immaterial from what source its information is derived, but it is desirable, wherever possible, that for its confidential use the informant be known.

The Commission's investigation of foreign conditions, practices, and combinations in foreign countries and its recommendations to Congress thereon will be greatly facilitated by American exporters keeping the Commission informed of their experiences and instances where their export business is restrained or injuriously affected by any matter or in any manner.

The Commission must depend largely for information and facts upon those who are interested in having the Commission correct any tendencies of export associations to artificially enhance or depress prices within the United States or otherwise burden the American public or restrain the commerce of independent competitors.

All mail for the Export Division should be addressed to the Federal Trade Commission, Washington, D. C., and marked "Export Division."

DISCUSSION OF THE EXPORT TRADE ACT

Summary of the law.—Under the Export Trade Act, approved April 10, 1918, the Federal Trade Commission is authorized to receive, and "associations" now, or hereafter, solely engaged in export trade are required to file statements in the form specified by the act. The Commission is given authority to investigate all instances where it has reason to believe that an export trade "association" has committed an act, or made an agreement, which is in restraint of trade within the United States, or which is in restraint of the export trade of any domestic competitor of such "association." This applies also where such an "association" has entered into any agreement, understanding, conspiracy, or done any act in the United States or elsewhere, which artificially enhances or depresses prices within the United States of commodities exported by such association, or where the same substantially lessens competition within the United States, or otherwise restrains trade therein. In such event the offending "association," its officers, and agents may be summoned before the Commission, and it is thereupon required to conduct an investigation into the alleged violation of law. If upon investigation the Commission concludes that the law has been violated it may recommend to the "association" readjustment of its business in order that it may thereafter maintain its organization, management, and the conduct of its business in accordance with the law.

Where an association fails to comply with the recommendation of the Commission, the Commission is required to refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

By section 4 of the Export Trade Act the prohibition in the Federal Trade Commission Act against unfair methods of competition, and the remedies provided for enforcing said prohibition, are directed to be construed as extending to unfair methods of competition used in export trade against competitors engaged in such trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

The act defines the term "export trade" wherever used in the act as follows:

The words "export trade" wherever used in this act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof, to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

The words "trade within the United States" wherever used in the act are defined to mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

The word "association" wherever used in the act is defined to mean:

Any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

Under section 5 of the act a penalty is imposed upon any association which shall fail to make the statement and furnish the statements required to be filed, and also furnish the Commission with such information as it may require, as to the organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals of such associations. The penalty imposed for failure to comply with section 5 of this act is that the association shall not have the benefit of the provisions of sections 2 and 3 of the act, and shall forfeit to the United States \$100 per day during the continuance of such failure to comply with its terms. This forfeiture is payable into the Treasury of the United States and is recoverable in a civil suit in the name of the United States, in the district where the association has its principal office, or in any district in which it shall do business, by the district attorney under the direction of the Attorney General of the United States, and the costs and expenses of such prosecutions are payable out of the appropriation for the expense of the courts of the United States.

Under section 2 of the Export Trade Act, the provisions of the Sherman law, approved July 2, 1890, are directed to be construed in such a way that nothing therein contained shall declare to be illegal "associations" entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, nor any agreement made, or act done in the course of such export trade by such an association, provided such agreement or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such an association; provided.

however, that such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

By section 3 of the act it is directed that section 7 of the Clayton Act, approved October 15, 1914, shall not be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

Form of statement.—For the convenience of those who desire to file the statement required by section 5 of the act there have been prepared and printed forms of statement, which are available upon application.

Applications for construction of the act.—Numerous requests have been received by the Commission for rulings upon the construction of the Export Trade Act. It has been deemed inadvisable to attempt at this time to officially construe any of the provisions of the law upon informal applications. This is especially true, as the penalty for the violation of section 5 of the act is enforceable by the district attorneys of the United States under the direction of the Attorney General, and not by the Federal Trade Commission, and the enforcement of the Sherman law is a duty of the Federal courts upon proceedings instituted by the Department of Justice.

It is exceedingly important that export associations in process of formation should give careful consideration to the wording of sections 2 and 3 of the Export Trade Act. As to the statements which have been filed with the Export Trade Division under section 5 of this act, it has been noted that practically every corporation formed has been organized for the transaction of some business other than that of solely engaging in exporting from the United States to foreign nations as defined in the act.

Most of the articles of association filed have also contemplated the transaction of business other than that of exporting to foreign nations. It is apparent under the law that the provisions of the Sherman law and section 7 of the Clayton law remain applicable as to all combinations which are not organized solely for the business of exporting to foreign nations. The business of exporting to the Philippine Islands, to Puerto Rico, or to Hawaii seems clearly to be domestic and not foreign trade, and the provisions of the Sherman law and section 7 of the Clayton law seem to continue in force as to any association or export corporation which engages in such business.

One of the difficulties which exporting houses seem to find with the law is that export companies usually both export and import, while the law provides that its protection is given to associations entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade.

Due to the facts that the business of the country is devoting its thought to war production and that there is a lack of shipping facilities, general plans for cooperation in export trade are probably now in

suspense or only in a formative state. This is indicated by the very small number of association papers which have been filed with the Commission since the passage of the act on April 10, 1918.

Statements filed.—Below is a list of all organizations that have filed papers purporting to be under section 5 of the Export Trade Act (April 10, 1918, to June 30, 1918, inclusive).

In listing them the Commission does not indicate that those who have filed these papers are qualified under the act, or entitled to the benefits of sections 2 and 3 of the law. Undoubtedly many export houses have felt it was necessary to file statements to avoid any question as to the penalty imposed by section 5 for failure so to do. It is also probable that other export houses considered, without a thorough consideration of the law, that they could obtain some advantage thereby.

The list follows:

Allied Sugar Machinery Corporation, 120 Broadway, New York, N. Y.
 Allied Construction Machinery Corporation, 120 Broadway, New York, N. Y.
 Allied Machinery Co. of America, 120 Broadway, New York, N. Y.
 American International Steel Corporation, 120 Broadway, New York, N. Y.
 American Paper Exports (Inc.), 30 Broad Street, New York, N. Y.
 Amsinck & Co., S. of Mexico (Inc.), 120 Broadway, New York, N. Y.
 American Steel Export Co., Woolworth Building, New York, N. Y.
 American Steel Export Co.'s Brazilian Corporation, Woolworth Building, New York, N. Y.
 American Webbing Manufacturing Export Corporation, care Clark McKercher, Esq., New York, N. Y.
 Automotive Products Corporation, Woolworth Building, New York, N. Y.
 Cosmo Trading Co., 133 West Washington Street, Chicago, Ill.
 Cranz (Inc.), F., 2 Stone Street, New York, N. Y.
 Cranz Importing Co., F. E., 2 Stone Street, New York, N. Y.
 Deco Co., 51-53 White Street, New York, N. Y.
 Deister Miners' Supply Co., Fort Wayne, Ind.
 De Lima, Carrea & Cortissoz (Inc.), 8-10 Bridge Street, New York, N. Y.
 Dodge & Seymour, 12 Hudson Place, Hoboken, N. J., and
 Dodge & Seymour (China, Ltd.), 12 Hudson Place, Hoboken, N. J., a subsidiary company.
 Douglas Fir Exploitation & Export Co., 260 California Street, San Francisco Calif.
 Dunnellon Phosphate Co. (The), 106 East Bay Street, Savannah, Ga.
 European & Far-Eastern Sales Co. (Inc.), 27 William Street, New York, N. Y.
 Export Trade Association (Inc.), Borough of Manhattan, New York, N. Y.
 Factory Products Export Corporation, 61 Broadway, New York, N. Y.
 Fajardo Bros. & Co. (Inc.), 27 William Street, New York, N. Y.
 Franklyn International Corporation, 958 Hoe Avenue, New York, N. Y.
 Galban Noecker & Co. (Inc.), 82-92 Beaver Street, New York, N. Y.
 Galena Signal Oil Co. of Brazil, Franklin, Pa.
 Harper & Co., Locke T., Mills Building, San Francisco, Calif.
 Herzberg & Son, B., 1119 Fillmore Street, San Francisco, Calif.
 Holsam Co. (Inc.), 18 Broadway, New York, N. Y.
 International Clearing House of New York (Inc.), 748 Broadway, New York, N. Y.
 Levy Co. (Inc.), A. A., 45 East Nineteenth Street, New York, N. Y.
 M. P. Trading Co. (Inc.), 60 Wall Street, New York, N. Y.
 Manufacturers Agents Co. (Inc.), Virginia Railway & Power Building, Richmond, Va.
 Markt & Hammacher Co., 193 West Street, New York, N. Y.
 Markt & Schafer Co., 193 West Street, New York, N. Y.
 Mexican Importing & Exporting Corporation, 29 Broadway, New York, N. Y.
 Muller, Maclean & Co. (Inc.), 11 Broadway, New York, N. Y.
 Parsons & Whittemore (Inc.), 174 Fulton Street, New York, N. Y.
 Portuguese-American Exporters (Inc.), 120 Broadway, New York, N. Y.
 Pan American Exporters (Inc.), 517 Godchaux Building, New Orleans, La.

Pan American Trading Co., 45 Pearl Street, New York, N. Y.
 Pearson Export Corporation, 170 Broadway, New York, N. Y.
 Peek & Co., William E., 104 Pearl Street, New York, N. Y.
 Redwood Export Co., 260 California Street, San Francisco, Calif.
 Semtec (Ltd.), 90 West Street, New York, N. Y.
 Simmons Co., Thomas W., 240 California Street, San Francisco, Calif.
 Southern Products Co., Interurban Building, Dallas, Tex.
 Sparks & Co., W. J., 17 Battery Place, New York, N. Y.
 Strong & Trowbridge Co., 17 Battery Place, New York, N. Y.
 Sydney Ross Co., 147-153 Waverly Place, New York, N. Y.
 Texas Co. (South America) (Ltd.), The, 17 Battery Place, New York, N. Y.
 United States Paper Export Association, 30 Broad Street, New York, N. Y.
 United States Office Equipment Export Assn., care Globe Wernicke Co., Cincinnati, Ohio.
 Zaldo & Martinez Co. (Inc.), 66 Beaver Street, New York, N. Y.
 Zoccola Co. (Inc.), 60 South Street, Boston, Mass.

Some fear has been expressed in South American countries that the effect of the Export Trade Act will be disadvantageous to the consuming public of foreign nations by strengthening the hands of American trusts, monopolies, and combinations of capital in these markets. The Commission has pointed out the fact that the law permits the cooperation of manufacturers who would perhaps not otherwise be able to compete in foreign fields and who, without the law, might hesitate to form cooperative export associations, which will in all probability increase the buying opportunities of the consuming public in foreign countries.

The Commission has been cooperating with the Bureau of Foreign and Domestic Commerce and has availed itself of the privilege of publishing in Commerce Reports statements from time to time.

The Commission is keeping informed as to the export needs of the country in order to be of assistance so that American producers may cooperate to the fullest extent in export fields without injuriously affecting domestic commerce or the foreign commerce of those exporters who are associated with export trade associations.

Progress has been made in the preparation of an additional report on foreign trade conditions under section 6, clause H, of the Federal Trade Commission Act, reading as follows:

SEC. 6. That the Commission shall also have power—

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

The world-wide dislocation of trade and industry incident to the war is creating new conditions which may vitally affect American business in the future. The Commission is closely following new developments in international trade, as they arise, with a view to ascertaining the bearing they may have on the foreign trade of the United States.

[PUBLIC—No. 126—65TH CONGRESS]

[H. R. 2316]

AN ACT To promote export trade, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That the words "ex-

port trade" wherever used in this act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported, from the United States or any Territory thereof to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

That the words "trade within the United States" wherever used in this act mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

That the word "association" wherever used in this act means any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

SEC. 2. That nothing contained in the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety,¹ shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: *And provided further*, That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

SEC. 3. That nothing contained in section seven of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October fifteenth,

¹ The Sherman Act provides in sections 1, 2, and 3 as follows:

SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 2. Every person who shall monopolize or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

nineteen hundred and fourteen,² shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against "unfair methods of competition" and the remedies provided for enforcing said prohibition contained in the act entitled "An act to create a Federal trade commission, to define its powers and duties, and for other purposes," approved September twenty-sixth, nineteen hundred and fourteen,³ shall be con-

² Section 7 of the Clayton Act reads as follows:

SEC. 7. That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where the effect of such acquisition may be to substantially lessen competition between the corporation whose stock is so acquired and the corporation making the acquisition, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the voting or granting of proxies or otherwise, may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

This section shall not apply to corporations purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other such common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: *Provided*, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the anti-trust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

³ Section 5 of the Federal Trade Commission Act reads as follows:

SEC. 5. That unfair methods of competition in commerce are hereby declared unlawful.

The commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, and common carriers subject to the acts to regulate commerce, from using unfair methods of competition in commerce.

Whenever the commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission. If upon such hearing the commission shall be of the opinion that the method of competition in question is prohibited by this act it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition. Until a transcript of the record in such hearing shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the commission may at any time, upon such notice and in such manner as it shall deem proper, modify

strued as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

SEC. 5. That every association now engaged solely in export trade, within sixty days after the passage of this act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and bylaws, and if unincorporated a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices,

or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person, partnership, or corporation fails or neglects to obey such order of the commission while the same is in effect, the commission may apply to the circuit court of appeals of the United States, within any circuit where the method of competition in question was used or where such person, partnership, or corporation resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, partnership, or corporation and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission. The findings of the commission as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission, the court may order such additional evidence to be taken before the commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission to cease and desist from using such method of competition may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission be set aside. A copy of such petition shall be forthwith served upon the commission, and thereupon the commission forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission as in the case of an application by the commission for the enforcement of its order, and the findings of the commission as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or judgment of the court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the antitrust acts.

Complaints, orders, and other processes of the commission under this section may be served by anyone duly authorized by the commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this act, and it shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If such association fails to comply with the recommendations of the Federal Trade Commission, said commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

For the purpose of enforcing these provisions the Federal Trade Commission shall have all the powers, so far as applicable, given it in "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

Approved, April 10, 1918.

WILSON TARIFF ACT ANTITRUST AMENDMENTS NOT MODIFIED BY THE EXPORT TRADE ACT

Sections 73, 76, and 77 of the Wilson Tariff Act, "An act to reduce taxation, to provide revenue for the Government, and for other purposes," of August 27, 1894, as amended February 12, 1913, reads as follows:

SEC. 73. That every combination, conspiracy, trust, agreement, or contract is hereby declared to be contrary to public policy, illegal, and void when the same is made by or between two or more persons or corporations either of whom, as agent or principal, is engaged in importing any article from any foreign country into the United States, and when such combination, conspiracy, trust, agreement, or contract is intended to operate in restraint of lawful trade, or free competition in lawful trade or commerce, or to increase the market price in any part of the United States of any article or articles imported or intended to be imported into the United States, or of any manufacture into which such

imported article enters or is intended to enter. Every person who is or shall hereafter be engaged in the importation of goods or any commodity from any foreign country in violation of this section of this Act, or who shall combine or conspire with another to violate the same, is guilty of a misdemeanor, and on conviction thereof in any court of the United States such person shall be fined in a sum not less than one hundred dollars and not exceeding five thousand dollars, and shall be further punished by imprisonment, in the discretion of the court, for a term not less than three months nor exceeding twelve months.

SEC. 76. That any property owned under any contract or by any combination, or pursuant to any conspiracy, and being the subject thereof mentioned in section seventy-three of this Act, imported into and being within the United States or being in the course of transportation from one State to another, or to or from a Territory or the District of Columbia, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

SEC. 77. That any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this Act may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

Section 6 (h) of the Federal Trade Commission Act (Foreign Investigations):

SEC. 6. That the Commission shall also have power—

(h) To investigate from time to time trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

EXHIBIT 7

[Federal Trade Commission, Washington, Foreign Trade Series No. 2]

PRACTICE AND PROCEDURE UNDER THE EXPORT TRADE ACT (WEBB-POMERENE LAW), 1935

FEDERAL TRADE COMMISSION

EWIN L. DAVIS, *Chairman*; CHARLES H. MARCH, *Vice Chairman*; WILLIAM A. AYRES; GARLAND S. FERGUSON, JR.; ROBERT E. FREER; OTIS B. JOHNSON, *Secretary*.

(This pamphlet is a revision of the Foreign Trade Series No. 1, published by the Federal Trade Commission in 1919. Prepared by the Export Trade Section of the Legal Division, Ellen L. Love, Chief, October 1935.)

INDEX

Purpose of the law.	First-report form.
Provisions of the act.	The Export Trade Act.
Filing of papers with the Commission.	Sections 5 and 6 (h), Federal Trade
Webb law organization and operation.	Commission Act.
Advantages obtained by Webb law	Section 7 of the Clayton Act.
groups.	Sections 1, 2, and 3 of the Sherman
Products exported.	Act.
Associations formed under the law,	Sections 73, 76, and 77 of the Wilson
1918-35.	Tariff Act.

(V)

PURPOSE OF THE LAW

The Export Trade Act, passed on April 10, 1918,¹ is entitled "An act to promote export trade and for other purposes." It was the result of an inquiry made by the Federal Trade Commission upon which report was made to Congress in 1916.² Hearings were conducted by the Commission throughout the United States, attended by industrialists and exporters interested in the proposed legislation. The Commission recommended to Congress the passage of a law which should grant exemption from the antitrust laws to export combines, with proper safeguards to domestic business, in order to facilitate the movement of American goods to foreign countries, to serve as an encouragement to exporters, and to enable them to compete successfully in foreign markets with selling combinations of other countries.

Bills were introduced in Congress in 1916 and 1917 by Senator Atlee Pomerene and Congressman Edwin Y. Webb, and hearings

¹ 40 Stat. 516. See p. 14 of this report.

² Report on Corporation in American Export Trade, 1916, 2 vols. (supply now exhausted).

conducted by the Senate Committee on Interstate Commerce and the House Committee on the Judiciary.³ The act is therefore known as the Webb law or the Webb-Pomerene law. It was endorsed by President Wilson, Secretary of Commerce Redfield, the Federal Trade Commission, a number of trade associations in various industries, the chambers of commerce, the National Foreign Trade Council, and the American Manufacturers Export Association.

PROVISIONS OF THE ACT

Section 1 defines the terms "export trade," "trade within the United States," and "association," wherever used within the law. Export trade means "solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof to any foreign nation" and shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof. Association means "any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations."

Sections 2 and 3 provide exemption from the antitrust laws to "an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association," with the provision that such association, agreement, or act shall not be in restraint of trade within the United States, or in restraint of the export trade of any domestic competitor; and with the further prohibition of any agreement, understanding, conspiracy, or act which shall artificially or intentionally enhance or depress prices within the United States, of commodities of the class exported by the association, substantially lessen competition, or otherwise restrain trade within the United States.

Section 4 is an amendment to the Federal Trade Commission Act.⁴ It extends the jurisdiction of the Commission to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States. This section applies to any exporter from the United States, and not specifically to a Webb law group. Procedure under this section is in accordance with section 5 of the Federal Trade Commission Act.

Section 5 of the Webb law provides for the filing of papers with the Federal Trade Commission by an export association, and covers procedure in case of violation of the act. Organization papers, which

³ H. R. 16707, Congressman Webb, 64th Cong., 1st sess., 1916. H. R. 17350, Congressman Webb, 64th Cong., 2d sess., 1916. H. R. 2316, Congressman Webb, 65th Cong. (same as S. 634, Senator Pomerene), passed both Houses, signed in 1918. Hearings before House Committee on the Judiciary, on H. R. 16707, and copy of bill and report, serial 48, 64th Cong., 1st sess., July 1916, 85 pages. Hearings before Senate Committee on Interstate Commerce, 64th Cong., 2d sess., on H. R. 17350, January 1917, 156 pages. Report No. 1118, 64th Cong., 1st sess., House Committee on the Judiciary, to accompany H. R. 17350, August 15, 1916, 4 pages. Report No. 1056, 64th Cong., 2d sess., Senate Committee on Interstate Commerce, to accompany H. R. 17350, February 14, 1917, 4 pages. Report No. 9, 65th Cong., 1st sess., to accompany S. 634, Senate Committee on Interstate Commerce, April 16, 1917, 4 pages. Report No. 50, 65th Cong., 1st sess., to accompany H. R. 2316, House Committee on the Judiciary, May 11, 1917, 10 pages. Report No. 109, 65th Cong., 1st sess., Senate Committee on Interstate Commerce, to accompany H. R. 2316, August 15, 1917, 4 pages.

⁴ 38 Stat. 717, secs. 5 and 6 (b) on pp. 17-19 of this report.

shall be filed "within 30 days after its creation" include a verified first report, copies of the articles or contract of association, bylaws, and if the group is incorporated, a copy of its certificate of incorporation. An annual report is required, and the association shall also furnish "such information as the Commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals." Penalties are prescribed for failure to comply with these provisions. If the Commission has reason to believe that the law has been violated, it shall conduct inquiries and make recommendations for readjustment of the association's business. Should an association fail to comply with the recommendations, the Commission shall refer its findings and recommendations to the Attorney General of the United States for such action as he may deem proper.

For the purpose of enforcing these provisions, the Commission shall have all the powers, so far as applicable, that are given to it under the Federal Trade Commission Act.

No amendments have been made to the act since its passage in 1918. In 1921 a bill was introduced to amend section 2,⁵ but little interest was shown and it was not voted upon. In 1928 a bill was introduced which would have extended the scope of the law to include import combines,⁶ but this was rejected by the House of Representatives and was not voted on in the Senate.

No case has arisen in which an association has refused to comply with recommendations of the Commission; and no violations of law have been referred by the Commission to the Attorney General.

FILING OF PAPERS WITH THE COMMISSION

The organization of a Webb law association, requiring, as it does, full cooperation and agreement of all of the member companies, more often consumes weeks or months of discussion and negotiation. During that period the Commission offers its services, informally, to the negotiators. The organization papers, when finally executed, are acted upon by the full Commission. These papers include the first report (for which the Commission supplies blanks⁷), the certificate of incorporation if it is incorporated, bylaws, membership agreement, contract forms, working rules or regulations, or other documents covering the proposed operation. If there is any clause therein that seems to show an intent to operate in such a way as to violate the law, informal advice is given by the Commission to that effect, with an opportunity to amend; but there is no formal approval or disapproval, and the receipt or filing of the papers does not serve as a permit or license to operate under the law. Before the act was passed, an attempt was made to include an amendment which would have provided for permits to be issued by the Commission, and authority to revoke such a permit; but strong objection was voiced and this provision was not made a part of the law. When the Commission has received and filed the papers of a newly organized association, it issues a brief news

⁵ S. 2683, 67th Cong., 1st sess. (Senator Fletcher), Nov. 4, 1921; same bill introduced as S. 812, 68th Cong., 1st sess., Dec. 10, 1923.

⁶ S. 2312 (Senator Wesley L. Jones) and H. R. 8927 (Congressman Walter H. Newton) 70th Cong., 1st sess.

⁷ Copy of the first report form on pp. 11-13 of this report.

release, announcing the name and address, its officers and members, and the commodity to be exported.

Annual reports as of January of each year, keep the Commission's records current; blanks for this purpose are mailed to each association.⁸ Other information may be required, and the association offices are visited from time to time. Association records in the Commission files are not open for public inspection; but the Commission's annual report to Congress for each year, covers a general statement of operation during that period, with a list of the association's filing papers and a summary of the business transacted by all of the groups.

The Commission has received many inquiries from the associations and others, concerning their operation, to which reply has been made with informal advice. As yet none of the Commission's inquiries under section 5 have reached the stage of formal complaint and hearings, and no formal orders have been issued.

WEBB LAW ORGANIZATION AND OPERATION

In drafting organization papers, the first thing to bear in mind is that the association shall be engaged solely in export trade; and this does not include production, manufacture, or selling for consumption or for resale, within the United States. The Commission is sometimes asked if an association may operate mills to produce the goods for export; but the terms of the act would not seem to cover such operation and the Commission has given informal advice to that effect.

Under section 1 of the act, products may be exported to "any foreign nation." A number of associations have asked if a Webb-law group may ship to Puerto Rico, or to the Philippines. To this the Commission has replied informally that under numerous court decisions the insular possessions have been held to be not foreign to this country; they are therefore not markets to which a Webb-law group may ship. The status of the Philippine Islands may be changed by independence at some later date.

The law does not prescribe incorporation, but a number of groups formed under the act have become incorporated under State laws for their own convenience. Nor does the act require that an association shall be a nonprofit organization, although many of the associations have operated on an expense basis, the profits accruing to the individual members.

Usually a Webb-law group is formed by producers or manufacturers of the same products, and there may be several groups in the same industry. One of the lumber-export associations ships redwood, and one walnut, but several have shipped pine. On the Pacific coast one group sells dried fruit packed in California, and another handles the same products packed in the Oregon district. In some cases a Webb-law association has been affiliated with more than one group. A petroleum company files as an association under the law and is also a member of a larger Webb-law group in the same industry; a similar plan was at one time used by two of the phosphate associations that combined to form another group.

The main office of the association may be at seaport in order to handle the shipping details, or it may be in the locality of the mem-

⁸ The annual report form is very similar to the first report form, on pp. 11-13 of this report.

ber mills in order to serve as a convenient meeting place for agreement upon export policies. Branch offices and agencies may be maintained in this country and abroad.

In view of the wide variety of products that have been exported under the act, the association agreements have varied considerably, each drafted to meet the needs of the particular industry to be served. The three general types that have been used are (1) that in which the association serves as a central selling agent for all of the members, taking orders, negotiating sales, and handling the shipment of the goods; (2) that in which the association directs the exportation of its members and retains certain functions in export trade, but the orders are placed by agents already established by the members abroad; in this case the export department of one member may handle foreign orders for several members; and (3) the export company formed for the purpose of buying the members' products and reselling them abroad at terms agreed upon by the members. The first and second methods of selling may be combined, the members using their established agents for some markets and the association sales office for new markets or those in which the trade is not well developed.

An association may have more than one class of members, dependent upon the service that it contracts to perform for them. One association has a full membership and a limited membership; another has a packers division and a merchants division. In addition to its sales of products of the member companies, some associations obtain and sell the products of other manufacturers in order to meet the demands of their foreign customers; for this purpose a separate department of sales may be used. Some of the association agreements cover the entire export trade of the members, some are limited to specified product or certain-named markets. A Webb-law association is a voluntary organization and may or may not include a large percentage of the industry.

Some of the functions that have been reported to the Commission by associations now in operation may be listed here:

Serving as export sales agent for the member companies, in all foreign markets or in certain markets to be agreed upon, for all goods exported by the members or for only certain of their products.

Purchasing the members' products for resale in foreign markets, under terms and conditions agreed upon by the members.

Employing agents and directing the agents of the member companies, maintaining offices, in this country and abroad, promoting conferences and agreements in export trade.

Obtaining and selling goods of producers outside of the association, in order to fill the association's export orders.

Exploitation of members' products abroad, especially introducing them in new markets. Joint advertising and use of joint trade-marks. Promoting sales for the members' brands and patented goods.

Agreeing upon price for export, terms and sales policies in foreign markets, and adopting uniform forms of contracts. In some cases only a minimum price is agreed upon; in others members are free to quote price but agree to report to the association any change in price.

Dividing the export business of the association among the members in predetermined proportions; for this purpose a quota system

may be agreed upon and the orders allotted in accordance therewith.

Recording sales of the members' products, in export trade, keeping copies of invoices and other documents; this is important when a quota plan is adopted.

Standardizing products for export and improving the quality of the goods. Maintaining inspection service, employing claims agents, and settling disputes over export sales.

Establishing rules and regulations for packing and shipping the goods in export.

Arranging for freight rates, cargo space, and shipping dates; consolidating the shipments of the members; taking out insurance and shipping documents.

Providing for storage during transit and warehousing abroad.

Collecting and disseminating trade information as to market conditions abroad, foreign credits, stocks available for export by the members, the exchange situation, tariff requirements, shipping rules and regulations, foreign laws that affect our foreign trade, and other data of value to American exporters.

ADVANTAGES OBTAINED BY WEBB LAW GROUPS

Advantages obtained from the various functions listed above are obvious. A centralized agency may effect economy in sales cost; it may get better freight rates by consolidating shipments; and it may reduce the shipping expense by arranging for cargo space, insurance, and other details. Cooperation in storage during transit and warehousing abroad are of especial advantage if the products are seasonal and better prices may be obtained when the goods are fed into foreign markets throughout the year.

Agreements upon price and terms of sale are to the advantage of the American exporter and also to the foreign buyer who prefers a quotation that does not fluctuate daily. Orders may be placed several months in advance of shipment; credit may be arranged for longer periods to meet demands in foreign markets. An association may bid on and secure large orders for shipment over a long period, which no single member could handle. In many cases it is selling to combines or buyers in large quantities who prefer to deal with an organization with ample source of supply.

In improving the service to buyers and the quality of the goods shipped, through standardization and inspection before shipment, the associations have reduced claims of buyers, and have offered an efficient service in handling disputes.

The association is in a position to obtain and disseminate trade information, to handle advertisement, and to do exploitation work with minimum expense to the members.

So far as it was in operation before the armistice, the law was of benefit in developing new markets in South America, and some food-stuffs and raw materials were shipped to Europe for use of the Allies. During the period of readjustment after the World War, American exporters found advantages in cooperative effort, and in 1929 and 1930 substantial sales were made. During the years of depression, a number of associations have reported to the Commission that their members would be unable to export without Webb law organization.

PRODUCTS EXPORTED

Products exported by the Webb law groups have been divided by the Commission, in its annual reports, into five general classes:

(1) Metal and metal products: Copper, iron and steel, metal lath, zinc, machinery and implements, foundry equipment, locomotives and railway equipment, electrical apparatus, signal apparatus, tools, pipes, valves, and screws.

(2) Products of mines and wells: Sulfur, phosphate rock, coal and coke, petroleum products, carbon black.

(3) Lumber and wood products: Pine, fir, hardwood, redwood, walnut, naval stores, plywood, doors, furniture and office equipment, wood pipe, shooks, wooden tool handles, clothespins.

(4) Foodstuffs: Canned milk, meat products, sugar, flour and other grain products, rice, sardines, canned salmon, peas, canned vegetables, and fruit (fresh, dried, and canned).

(5) Other manufactured products: Paper, textiles, rubber products, abrasives, cement, fertilizer, paint and varnish, insecticides, alcohol, tanning materials, soda pulp, soda ash, alkali, other chemicals, cotton linters, clothing, buttons, and general merchandise.

These broad groupings were adopted in order to give to the public information as to the kinds of goods exported, and their value, without divulging statistics reported by any one company or association.

Total exports⁹ during the years 1920 to 1934, inclusive, were as follows:

Year	Metals and metal products	Products of mines and wells	Lumber and wood products	Foodstuffs	Other manufactured products	Totals
1920.....	\$152,000,000	\$5,000,000	\$17,000,000	\$8,000,000	\$36,000,000	\$221,000,000
1921.....	67,557,000	5,556,000	9,894,000	5,839,000	2,334,000	91,180,000
1922 ¹						
1923.....	68,227,000	10,500,000	26,000,000	32,400,000	16,373,000	153,500,000
1924.....	43,932,000	9,885,000	32,700,000	35,300,000	18,123,000	140,000,000
1925.....	43,287,000	14,279,000	38,000,000	42,000,000	27,934,000	165,500,000
1926.....	56,500,000	14,300,000	35,700,000	35,000,000	59,000,000	200,500,000
1927.....	180,000,000	15,200,000	35,400,000	53,000,000	87,900,000	371,500,000
1928.....	267,600,000	17,500,000	28,200,000	80,400,000	82,500,000	476,200,000
1929.....	271,000,000	270,000,000	26,000,000	67,100,000	90,000,000	724,100,000
1930.....	208,000,000	315,000,000	22,500,000	40,500,000	75,000,000	661,000,000
1931.....	100,000,000	73,000,000	35,400,000	32,500,000	70,100,000	311,000,000
1932.....	21,000,000	56,000,000	8,000,000	24,000,000	35,000,000	144,000,000
1933.....	29,000,000	41,000,000	8,000,000	28,000,000	34,000,000	143,000,000
1934.....	27,000,000	53,000,000	8,500,000	21,300,000	36,000,000	145,800,000

¹ Figures for 1922 not compiled.

The decrease in the value of exports from 1931 to 1934 was due to depressed conditions in foreign markets, including the lack of purchasing power, uncertain credits, exchange control, import quota and license systems, increased duties, and, in some cases, total exclusion of products theretofore imported from this country. It was also due to the fact that by reason of the very low prices prevailing in foreign markets, some of the member companies were unwilling to ship and some of the associations suspended price agreements, permitting members to sell at independent prices; the independent sales were not reported or included in the Webb-law totals for those years.

⁹ In round numbers.

ASSOCIATIONS FORMED UNDER THE LAW, 1918-35

The first groups to form under the law were the lumber exporters, the copper and steel associations, exporters of machinery, railway equipment, phosphate, chemicals, paper, furniture, elastic webbing, and a number of exporters of foodstuffs (some of these for the purpose of selling grain products to the Allies). Several groups were formed to handle miscellaneous exports to specific markets, but this plan was not a success. An exporter of lumber is not equipped to sell food products or unrelated goods; and it was found a better plan to form the groups on the commodity basis rather than for regional-trade development. Passage of the Capper-Volstead Act, granting antitrust exemption to agricultural cooperatives, in 1922, precluded the formation of those groups under the Webb law. The sulfur and rubber groups were formed in 1922, the petroleum associations in 1929, the textile groups in 1930, and the electrical association in 1931. Other important associations are noted in the list below.

In 1920 there were 43 associations in operation. Several dropped out during the readjustment period, in 1921 and 1922; but others were formed, and in 1929, 1930, and 1931 there were 57 associations on the Commission's list. The number dropped to 45 in 1934, and 44 in 1935. Although exportation has been exceedingly difficult during the depression, most of the associations have maintained their organization and continued to operate to some extent.

The following list includes associations that have operated under the law during the years 1918 to 1935:¹⁰

Alabama-Florida Pitch Pine Export Association, New Orleans-----	1929-33
American Brake Beam Manufacturers Export Association, West Nyack, N. Y.-----	1925-29
American Corn Products Export Association, New York City-----	1922-27
American Export Door Corporation, Tacoma, Wash-----	1927-30
American Export Lumber Corporation, Philadelphia-----	1919-20
American Hardwood Exporters, Inc., New Orleans-----	1930-35
American Locomotive Sales Corporation, New York City-----	1919-35
American Maize Products Export Association, Chicago-----	1919
Name changed to U.S. Maize Products Export Association-----	1920-26
American Milk Products Corporation, New York City-----	1919-30
Name changed to General Milk Co. in 1930-----	1930-35
American Paper Exports, Inc., New York City-----	1918-35
American Pitch Pine Export Co., New Orleans-----	1919-35
American Producers Export Corporation of Delaware, New York City---	1921-22
American Producers Export Corporation of New York, New York City---	1921-22
American Provisions Export Co., Chicago-----	1919-35
American Rice Export Corporation, Crowley, La-----	1927-33
American Soda Pulp Export Association, New York City-----	1919-35
American Soft Wheat Millers Export Corporation, Washington, D. C.---	1927-34
American Spring Manufacturers Export Association, New York City----	1923-35
American Surface Abrasive Export Corporation, New York City-----	1923-31
(Some of the members now in Durex Abrasive Corporation.)	
American Tanning Materials Corporation, New York City-----	1919-23
American Textile Machinery Corporation, Boston-----	1919-25
American Textile Trading Co., New York City-----	1930-34
American Tire Manufacturers Export Association, New York City-----	1923-35
American Webbing Manufacturers Export Association, New York City---	1919-32
Association Button Exporters of America, Inc., New York City-----	1921-33

¹⁰ This list does not include a number of companies that filed papers under misapprehension during the first year of operation; they were found to be engaged in business other than exporting, and were dropped from the Commission's register.

Atlantic & Gulf Export Co., Jacksonville, Fla.....	1921
Automatic Pearl Button Export Co., Inc., Muscatine, Iowa.....	1921-29
California Dried Fruit Export Association, San Francisco.....	1925-35
California Sardine Export Association, San Francisco.....	1928-30
Canned Foods Export Corporation, Washington, D. C.....	1919-23
Carbon Black Export Association, Inc., New York City.....	1929-33
Some of the members now in the Carbon Black Export, Inc., New York City.....	
Carolina Wood Export Corporation, Norfolk, Va.....	1933-35
Cement Export Co., The, Philadelphia and New York City.....	1919-32
Chalmers (Harvey) & Son Export Corporation, Amsterdam, N. Y.....	1919-35
Clandere Export Corporation, New York City.....	1921-31
Consolidated Steel Corporation, New York City.....	1921-23
(Some members now in Steel Export Association of U. S.)	
Copper Export Association, New York City.....	1919-23
Copper Exporters, Inc., New York City.....	1926-35
Davenport Pearl Button Export Co., Davenport, Iowa.....	1921-31
Delta Export Lumber Corporation, Memphis, Tenn.....	1922-26
Douglas Fir Exploitation & Export Co., Seattle.....	1918-35
Durex Abrasives Corporation, New York City.....	1929-35
Electrical Apparatus Export Association, New York City.....	1931-35
Export Clothes Pin Association of America, Inc., New York City.....	1919-30
Export Petroleum Association, Inc., New York City.....	1929-35
Export Screw Association of the United States., Providence, R. I.....	1926-35
Exporters of Wood Products, Inc., New York City.....	1924-29
(Some members now in Shook Exporters Association.)	
Exporting Rye Millers Association, Minneapolis, Minn.....	1920
Florida Hard Rock Phosphate Export Association, Savannah, Ga.....	1919-35
Florida Pebble Phosphate Export Association, New York City.....	1919-33
(Consolidated with Phosphate Export Association in 1933.)	
Florida Pine Export Association, Jacksonville, Fla.....	1930-31
Foundry Equipment Export Corporation, Philadelphia.....	1919-21
General Alcohol Export Corporation, New York City.....	1919-24
General Milk Co., Inc., New York City.....	1930-35
(Was American Milk Products Corporation, 1919-30.)	
Goodyear Tire & Rubber Export Co., The, Akron, Ohio.....	1922-35
Grain Products Export Association, New York City.....	1922-27
Grand Rapids Furniture Export Association, Grand Rapids, Mich.....	1920-27
Grapefruit Distributors, Inc., Davenport, Fla.....	1930-35
Gulf Pitch Pine Export Association, New Orleans.....	1920-33
Hawkeye Pearl Button Export Co., Muscatine, Iowa.....	1921-35
Inter-America Exporters, Inc., New York City.....	1935
International Steel Corporation, New York City.....	1918-23
Locomotive Export Association, New York City.....	1920-29
McKee Button Export Co., Muscatine, Iowa.....	1921-25
Metal Lath Export Association, The, New York City.....	1929-35
Millers Export Association, Inc., Chicago, Ill.....	1919-22
Mississippi Valley Trading & Navigation Co., St. Louis, Mo.....	1920-23
Namusa Corporation, New York City.....	1919-22
Naval Stores Export Corporation, Savannah, Ga.....	1923-30
Nogales Garbanzo Association, Nogales, Ariz.....	1921-22
Northwest Dried Fruit Export Association, Portland, Oreg.....	1927-35
Northwest Lumber Exporters Association, Seattle, Wash.....	1923-31
(Some members joined Douglas Fir Association & Export Co.)	
Pacific Flour Export Co., Seattle, Wash.....	1924-35
Pacific Forest Industries, Tacoma, Wash.....	1935
Pan American Trading Co., New York City.....	1919-27
Pennsylvania Millers Export Association, Philadelphia.....	1919-20
Phosphate Export Association, New York City.....	1919-35
Pioneer Pearl Button Export Corporation, Poughkeepsie, N. Y.....	1922-29
Pipe Fittings & Valve Export Association, The, Philadelphia.....	1919-35
Producers Linter Export Co., New Orleans.....	1924-32
Redwood Export Co., San Francisco.....	1918-35
Rice Export Co., Lake Charles, La.....	1929-31
(Some members joined American Rice Export Corporation.)	
Rubber Export Association, The, Akron, Ohio.....	1922-35

Salmon Export Corporation, Seattle-----	1928-30
Shook Exporters Association, New York City-----	1932-35
Signal Export Association, New York City-----	1931-35
South American Fruit Exporters, Inc., New York City-----	1927-31
Standard Oil Export Corporation, New York City-----	1929-35
Steel Export Association of America, The, New York City-----	1928-35
Sugar Export Corporation, New York City-----	1922-35
Sulphur Export Corporation, New York City-----	1922-35
Textile Alliance Export Corporation, New York City-----	1919
(Name changed to Textile Manufacturers Alliance in 1919.)	
Textile Export Association of the U. S., New York City-----	1930-35
Textile Manufacturers Alliance, Inc., New York City-----	1919-20
United Export Lumber Association, Seattle-----	1931-32
United Paint & Varnish Export Co., Cleveland-----	1920-29
U. S. Alkali Export Association, Inc., New York City-----	1919-35
U. S. Button Export Co., Muscatine, Iowa-----	1921-28
U. S. Forest Products Co., Kansas City, Mo-----	1919-22
U. S. Handle Export Co., The, Piqua, Ohio-----	1919-35
U. S. Maize Products Export Association, Inc., Wilkes-Barre, Pa-----	1920-26
(Operated as American Maize Products Export Association, 1919-20.)	
U. S. Office Equipment Export Association, New York City-----	1918-23
U. S. Provision Export Corporation, Chicago-----	1919-22
Walnut Export Sales Co., Inc., Kansas City, Kans-----	1918-35
Walworth International Co., New York City-----	1920-35
Western Plywood Export Co., Tacoma, Wash-----	1927-35
Wisconsin Cannery Export Association, Manitowoc, Wis-----	1920-29
Wood Naval Stores Export Association, Wilmington, Del-----	1935
Wood Pipe Export Co., Seattle-----	1920-23
Zinc Export Association, New York City-----	1925-34

EXHIBIT 8

[Federal Trade Commission]

FOREIGN TRADE WORK

EXCERPTS FROM ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 1937

NOVEMBER 24, 1937.

FEDERAL TRADE COMMISSION

WILLIAM A. AYRES, *Chairman*; GARLAND S. FERGUSON, JR., *Vice Chairman*;
CHARLES H. MARCH; EWIN L. DAVIS; ROBERT E. FREER; OTIS B. JOHNSON,
Secretary.

Foreign trade work of the Commission includes administration of the Export Trade Act, commonly known as the Webb-Pomerene law, and inquiries made under section 6 (h) of the Federal Trade Commission Act, which empowers the Commission to investigate trade conditions in and with foreign countries. This work is handled by the export trade section of the Legal Division.

THE EXPORT TRADE ACT

The Export Trade Act, passed by Congress in 1918, grants exemption from the antitrust laws to export combines or associations, which are required to file with the Commission copies of their organization papers, annual reports, and such other information as the Commission may require as to their organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. In case of violation of the law, the Commission may conduct inquiries and make recommendations for readjustment of a business. Should an association fail to comply with the recommendations, the matter may be referred to the Attorney General for further action.

Such an association must be solely engaged in export trade; and the law provides that it shall not restrain the export trade of a domestic competitor; artificially or intentionally enhance or depress prices within the United States of commodities of the class exported by the association; substantially lessen competition or otherwise restrain trade within the United States.

EXPORTS INCREASE IN 1936

Reports of associations filing papers under the Export Trade Act show an upswing in exports for the year 1936, due to improved conditions abroad, a lessening of trade restrictions in foreign countries,

and strong association effort to increase sales in spite of foreign competition.

Total exports for that year amounted to \$149,296,525, and exceeded by approximately \$11,600,000 the associations' exports in 1935, in spite of the fact that two of the largest groups, exporting petroleum, were dissolved in 1936.

Association exports for the years 1935 and 1936

	1935	1936
Metals and metal products, including iron and steel products, copper, metal lath, machinery, railway equipment, pipes and valves, and electrical equipment.....	\$20, 250, 000	\$40, 507, 335
Products of mines and wells: Crude sulfur, phosphate rock, petroleum, and carbon black.....	55, 875, 000	40, 780, 283
Lumber and wood products: Pine, fir, redwood, walnut, hardwood, plywood, barrel and box shooks, tool handles, and wood naval stores.....	9, 450, 000	8, 533, 374
Foodstuffs, such as milk, meat, sugar, flour, and fruit.....	16, 500, 000	21, 250, 433
Other manufactured goods: Rubber, paper, textiles, glass, cement, abrasives, and chemicals.....	35, 610, 000	38, 225, 100
Total.....	137, 685, 000	149, 296, 525

FORTY-FIVE ASSOCIATIONS OPERATING UNDER THE EXPORT TRADE ACT

New associations organized under the Export Trade Act during the fiscal year ended June 30, 1937, were: California Alkali Export Association, comprising three member companies in California, with headquarters in Los Angeles; Pacific Fresh Fruit Export Association, comprising nine member companies in California and Washington, with headquarters in San Francisco; and Scrap Export Associates of America, comprising three member companies in New York and Pennsylvania, with headquarters in New York City.

At the end of the fiscal year, 45 export trade associations were on file with the Federal Trade Commission, as follows:

American Box Shook Export Association, Barr Building, Washington, D. C.	Cement Export Co., Inc., 150 Broadway, New York City.
American Hardwood Exporters, Inc., Queen and Crescent Building, New Orleans.	Copper Exporters, Inc., 50 Broadway, New York.
American Locomotive Sales Corporation, 30 Church Street, New York.	Douglas Fir Export Co., Henry Building, Seattle, Wash.
American Paper Exports, Inc., 75 West Street, New York.	Durex Abrasives Corporation, 63 Wall Street, New York.
American Provisions Export Co., 80 East Jackson Boulevard, Chicago.	Electrical Apparatus Export Association, 70 Pine Street, New York.
American Soda Pulp Export Association, 230 Park Avenue, New York.	Export Screw Association of the United States, 23 Acorn Street, Providence, R. I.
American Spring Manufacturers Export Association, 30 Church Street, New York.	Florida Hard Rock Phosphate Export Association, Savannah Bank and Trust Building, Savannah, Ga.
American Tire Manufacturers Export Association, 30 Church Street, New York.	General Milk Co., Inc., 19 Rector Street, New York.
California Alkali Export Association, 523 West Sixth Street, Los Angeles.	Goodyear Tire & Rubber Export Co., 1144 East Market Street, Akron, Ohio.
California Dried Fruit Export Association, 1 Drumm Street, San Francisco.	Grapefruit Distributors, Inc., Davenport, Fla.
California Prune Export Association, 1 Drumm Street, San Francisco.	Inter-America Exporters, Inc., 11 Broadway, New York.
Carbon Black Export, Inc., 500 Fifth Avenue, New York.	Metal Lath Export Association, 47 West Thirty-fourth Street, New York.

- Northwest Dried Fruit Export Association, Title and Trust Building, Portland, Oreg.
- Pacific Flour Export Co., care of Fisher Flouring Mills Co., Seattle, Wash.
- Pacific Forest Industries, Tacoma Building, Tacoma, Wash.
- Pacific Fresh Fruit Export Association, 451 California Street, San Francisco.
- Phosphate Export Association, 393 Seventh Avenue, New York.
- Pipe Fittings & Valve Export Association, 1421 Chestnut Street, Philadelphia.
- Plate Glass Export Corporation, Grant Building, Pittsburgh.
- Redwood Export Co., 405 Montgomery Street, San Francisco.
- Rubber Export Association, 19 Good-year Avenue, Akron, Ohio.
- Scrap Export Associates of America, 350 Fifth Avenue, New York.
- Shook Exporters Association, Stahlman Building, Nashville, Ten.
- Signal Export Association, 74 Trinity Place, New York.
- Steel Export Association of America, 75 West Street, New York.
- Sugar Export Corporation, 120 Wall Street, New York.
- Sulphur Export Corporation, 420 Lexington Avenue, New York.
- Textile Export Association of the United States, 40 Worth Street, New York.
- United States Alkali Export Association, Inc., 11 Broadway, New York.
- United States Handle Export Co., Piqua, Ohio.
- Walnut Export Sales Co., Inc., Twelfth Street and Kaw River, Kansas City, Kans.
- Walworth International Co., 60 East Forty-second Street, New York.
- Wood Naval Stores Export Association, 1220 Delaware Trust Building, Wilmington, Del.

ADVANTAGES OBTAINED BY EXPORTERS IN 1936

Associations operating under the law represent mills, mines, factories, and processing plants in all parts of the country. Shipments are made to all parts of the world.

The export association presents a united front to foreign competition; it concentrates and simplifies the problem of sales, makes for economy in operation, and generally builds up the prestige of American goods abroad. An association may adopt uniform sales terms as to price, credit, shipping dates, packing requirements, and other details of shipment. Complaints of foreign buyers against American shippers may be reduced through a centralized inspection service and an adjustment department. An arbitration board lessens legal expense.

Cooperative purchase of cargo space was especially helpful during the maritime strike tie-up of 1936. The pooling of orders makes it possible to complete large sales contracts over a longer period of shipment than could be handled by one company alone. Standardization of products and improvement in quality, have been effected through cooperative effort. Foreign buyers show more confidence in dealing with a large group of exporters than with a single company less known to the trade. The association is in a position to obtain current information for dissemination among the members as to market conditions abroad, tariffs, shipping requirements, tax regulations, and exchange restrictions.

Exports were somewhat lessened in 1936 by labor disturbances, notably the maritime strike on the west coast which delayed shipments and resulted in some cancelation of orders. There are still high duties and import quota plans in some countries abroad, although associations report that reciprocal-tariff agreements negotiated by the United States have served to lessen these restrictions. Revaluation of gold-block currencies at lower levels gave foreign competitors an advantage. The policy of some countries to increase production to the point of becoming self-sustaining in time of war has led to changes

in producing areas. Manufacturing plants have been built in the Orient, much effort has been spent in the development of substitute products in Europe, and the cultivation of grain and other foodstuffs has been encouraged abroad. These changes must be met and new markets developed to take the place of old. The Webb-Pomerene law offers a method under which the expense and effort of developing new markets may be divided among a number of exporters, for the benefit of all.

TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES

In accordance with section 6 (h) of the Federal Trade Commission Act, directing inquiries as to trade conditions in and with foreign countries, the Commission notes the following measures involving trust laws and unfair competition abroad:

Argentina.—Recent legislation authorized Government purchase and destruction of vineyards in order to reduce the production of wine grapes. An Executive decree of August 7, 1936, provided for appointment of a commission to study plans and present recommendations for agricultural laws and policies. A national wool institute was created by decree of June 10, 1936, to promote production and regulate prices. Under an Executive decree on July 20, 1936, all imports and exports of petroleum must be handled by a Government-controlled agency with authority to allocate markets and to operate a monopoly for sale of petroleum in the federal capital.

Australia.—Decision of the Privy Council at London in July 1936, invalidating the Dried Fruit Control Act, seriously affected the Commonwealth plans for production control. Government aid to agriculture had been effected for some years through bounties and marketing schemes. Domestic prices were maintained above export prices, and the difference paid to exporters, control having been administered by Commonwealth export control boards working in cooperation with control boards in the producing states. The Privy Council held the dried fruit control to be in violation of section 92 of the Commonwealth Constitution, which insures free trade between the Australian states (*James v. Commonwealth of Australia*). Thereafter amendments were proposed to make section 92 inapplicable to marketing laws, and to permit laws regulating aviation, the Commonwealth Air Navigation Act having been held invalid by the High Court of Australia. But the proposed constitutional amendments were rejected by the states in 1937. Section 7 of the Industries Preservation Act, which provides for freight-dumping duties, was amended December 7, 1936.

Austria.—Increased prices in raw materials and semifinished goods have led to an increase in retail prices, and a demand for governmental price fixing for necessities. A price commissary has been appointed to receive claims and provide official hearings for disputes between producers, manufacturers, dealers, and consumers.

Bolivia.—The price and profits control decree of June 20, 1936, provided that establishments dealing in articles of basic necessity be limited to a maximum profit of 12 percent, and other firms to a maximum commercial profit of 20 percent. Stocks will be inventoried, actual costs of prime necessities computed, and selling prices fixed by

inspectors of the permanent fiscal commission. A decree dated August 20, 1936, required that any inhabitant who participates in any way in the production and distribution of wealth be required to join a syndicate operating under a national bureau of syndicates. An Executive decree of December 21, 1936, created a Government petroleum monopoly.

Canada.—Judgments were rendered by the Privy Council in London, January 28, 1937, on a number of Canadian laws. The Farmers Creditors Arrangement Act was upheld by the council, as was section 498A of the criminal code which provides penalties for the granting of discriminatory discounts, rebates, and allowances. The Dominion Trade and Industry Commission Act was upheld in part, but no appeal was taken from decision of the Supreme Court of Canada which had held invalid section 14 providing for price regulation and production control by the Dominion Government. The Natural Products Marketing Act which had provided for agricultural agreements, the Employment and Social Insurance Act, the Minimum Wages Act, Limitation of Hours of Work Act, and the Weekly-Day-of-Rest-in-Seven Act, were held invalid, and beyond the power of the Dominion Parliament under the British North America Act which reserves to the provinces control of trade and industry within their borders.

The Combines Investigation Act, 1923, was amended on April 10, 1937; the law will now be administered by a commissioner under the Minister of Labor. A report was made by a royal commission, dated February 3, 1937, on importation and distribution of anthracite coal in the Dominion. The antidumping provisions of the Customs Tariff Act were amended in 1937.

China.—In December, 1936, a national foodstuffs distribution and transportation bureau was opened at Shanghai, to put foodstuffs under national control and to effect an adjustment between supply and demand in order to prevent local shortage and speculation in price.

Colombia.—Under an act approved in 1936, the Government may acquire utilities that are considered of public and social interest. A new land-ownership law effective on December 30, 1936, provided that all rural lands shall revert to the state unless continuous possession or economic exploitation is shown for 10 years.

Czechoslovakia.—In order to forestall an increase in prices after devaluation of the crown, a decree issued in October 1936 directed local authorities to watch the prices of daily necessities, raw materials, intermediates, and other production materials, and to report to a newly created price advisory board in case of unwarranted price increase, speculative buying, curtailment of production, and any measures tending to increase prices or result in profiteering.

A decree dated July 23, 1936, provided for organization of all textile producers into a syndicate, under regulation of a board authorized to issue licenses and determine problems of production and distribution. A decree dated July 8, 1936, amended the national defense law of May 13, 1936, defining war industries and providing strict control for all of the industries and trades named therein. The wheat monopoly law was extended to June 30, 1940. Compulsory labor exchanges were introduced in October 1936; strikes and lock-outs are not permitted.

France.—The Price Control Act, passed on August 19, 1936, provided for governmental committees to survey wholesale and retail prices, determine a normal spread between cost and sales price, and to prohibit unjustified increase in price. The Monetary Act of October 3, 1936, included a provision against alteration of the price level. A decree of November 25 provided for a bureau to make inquiries and recommendations toward a reduction in production costs. A law passed February 15, 1937, declared illegal all price increases on foodstuffs, merchandise, and services of prime necessity, above the level of August 1, 1936, unless justified by a rise in the price of raw materials or an increase in service charges. A national price-surveillance committee was provided to fix prices, in agreement with wholesalers and retailers.

A decree issued on July 1, 1937, forbade an increase in prices or service charges above those in effect on June 28, 1937.

The Coal Act, passed on August 18, 1936, empowers the Minister of Mines to fix the prices of coal and to grant subsidies to mines that are inadequately exploited. A national wheat board was created by a law, August 15, 1936, to control production, fix prices, apportion sales to millers, provide credit, and grant export subsidies when necessary. The board will have a monopoly of the import and export trade in wheat, flour, and cereals. The export credit insurance law was amended August 25. Other laws passed in 1936 provided aid and credit for small-sized commercial and industrial enterprises, gave temporary assistance to agricultural projects, and authorized delay in payments by merchants, industrialists, and artisans. The 40-hour week was established in 1936, and a law dated December 31, supplemented by a decree on January 16, 1937, provided that all collective labor disputes in commerce and industry must be submitted to conciliation and arbitration. A national committee has been appointed to assist in enforcing orders to restrict to specified regions the production of wines bearing certain regional names, and to prohibit the shipment of such wines without an official certificate.

Germany.—An administrative order, July 7, 1936, directed coordination of the regional economic chambers with the so-called groups of business; a reduction in fees required for compulsory membership of business firms in the groups; and the creation of special courts of honor connected with the regional economic chambers, and a central court of honor connected with the Reich economic chamber.

Under the second 4-year plan proclaimed in September 1936, further efforts will be made to make Germany independent of foreign supplies of industrial raw materials. A decree issued on October 23, 1936, named 6 business groups that will participate in the plan, representing production of raw materials, distribution of raw materials, labor, agricultural production, prices, and foreign exchange. An order issued by the Minister of Economics, November 12, set out the Government plan for compulsory organization of industry.

In September 1936 warnings were issued with respect to advances in the price of food or rentals. Enticement of employees of a competitor by offering higher wages was denounced as an unfair method of competition. In October a new price commissioner was appointed, with authority to fix just prices for goods and services of all kinds. Several orders were issued prohibiting price increases in specific in-

dustries, and on November 26 two decrees were issued, with an executive order on November 30, prohibiting any increase in the price of commodities and services, including rents, above the level of October 18, 1936. These orders did not apply to foreign trade which is under special rules issued by the import control boards.

Under a decree dated January 26, 1937, all private stocks of platinum, silver, copper, lead, tin, nickel, or zinc, must be delivered to a governmental board for sale at prices and under terms fixed by the board. The Government has effected a plan for control of the supply of skilled labor; work books are now required and a worker must obtain a permit before he may change his occupation. The Reich has divested itself of a number of participations in private enterprise undertaken during the depression.

A law dated September 30, 1936, authorized monopoly control of domestic production and importation of agricultural products to be named by further ordinances.

A law dated January 26, 1937, designed to prevent absentee ownership and speculative sales, requires official approval for sale or transfer of all agricultural property in excess of 2 hectares (5 acres).

Two new stock company laws were passed on January 30, 1937. In November 1936, the foreign exchange board announced that steps would be taken toward confiscation of foreign securities, and on November 19 a decree was issued under which securities to be named from time to time by the board should be delivered for confiscation, to the foreign exchange bank. The law against economic sabotage, passed in December 1936, provided capital punishment for persons who, in violation of exchange regulations, leave their property abroad or transfer it to parties abroad.

Great Britain.—A proposed enabling act to provide self-government in industry was introduced in the British Parliament during the past session but failed to pass. Regulation has been effected through the Coal Mines Act and the Cotton Spinning Industries Act, and some voluntary schemes toward dismantling of inefficient plants have been attempted through the reconstruction levy in the flour milling and shipbuilding industries.

Report of the Food Council to the Board of Trade, dated June 26, 1936, reviewed the schemes in operation for fixing maximum prices of bread, and a further report on December 3, 1936, covered the pigs and bacon marketing schemes. Report of the Milk Reorganization Commission of the progress of the milk marketing boards, was presented in December 1936; and recommendations were made for creation of a permanent milk commission with authority to fix prices, disburse government subsidies, and direct the operation of milk marketing boards. A Marketing of Eggs Act was passed in Northern Ireland in 1936.

The Petroleum Transfer of Licenses Act of July 14, 1936, amends the Petroleum Consolidation Act of 1928. The Key Industries Duties Act was extended for ten years from August 19, 1936.

Greece.—A committee was appointed in 1936 to present a plan for organization of production and economic development. The finance minister suggested a corporative system under which each branch of production should be united in a federation under State supervision, to determine all questions concerning trade, industry, and agriculture.

Hungary.—A decree issued on December 19, 1936, provided that a price-control committee shall supervise regularly the prices of staple goods, domestic and imported. The president of the committee may require reports as to the prices at which goods are sold; if these are deemed unjustifiably high, certain penalties may be imposed, favor granted regarding taxation and duties may be withdrawn, the firm may be excluded from public bids, its license may be revoked, or other means taken against the enterprise.

India.—Amendments to the Indian Companies Act, effective on January 15, 1937, further safeguard the interests of shareholders.

International.—A sugar agreement was entered into in London in May 1937, to be administered by an international sugar council. Basic export quotas were fixed for cane and beet sugar producers representing almost 90 percent of the world's output; and the contracting parties agreed not to increase their production during the 5 years beginning September 1, 1937.

An international coffee conference held at Bogota, Colombia, in October 1936, resulted in establishment of a Pan American coffee bureau in New York. Surplus stocks will be impounded. Further conferences were scheduled for 1937. In November 1936 the international tea committee fixed the export quota for the year beginning April 1, 1937, at 82½ percent.

A revised tin-restriction agreement was ratified on January 5, 1937, effective for 5 years. Producers of iron and steel, in Great Britain, Germany, Austria, Czechoslovakia, Hungary, Italy, Poland, Rumania, Sweden, and Yugoslavia are parties to an international scrap-iron convention signed in the spring of 1937, under which a central office at London will purchase for all of the members according to quotas allotted and under uniform terms. Producers of cement in Great Britain, Belgium, Germany, France, Netherlands, Yugoslavia, and Scandinavian countries entered into an agreement in 1937 which deals with production quotas and determination of prices.

An international cartel regulating prices and terms of sale for sodium chlorate, was entered into on March 2, 1937, by producers in Czechoslovakia, France, Italy, Switzerland, Germany, and Sweden. The international nitrate cartel expired on June 30, 1936, due to withdrawal of the Chilean producers, and a European cartel comprising producers of synthetic nitrogen was established.

The reciprocal tariff agreement entered into by the United States with Nicaragua on March 11, 1936, became effective October 1, 1936; that with Finland dated May 18, 1936, was made effective November 2, 1936. Further agreements were negotiated with Costa Rica on November 28, 1936, effective August 2, 1937; and with El Salvador on February 19, 1937, effective March 31, 1937.

Italy.—Since devaluation, the policy of the Government has been to prevent price increase and generally to peg prices at the level of September 1936; but in order to permit necessary adjustments, a Royal ordinance dated October 7, 1936, provided for fixing of a maximum price by a central committee comprising Government officials and representatives of employers' and employees' federations.

Japan.—Under an Imperial ordinance of July 3, 1936, the law for control of important industries was extended for a second 5 years from August 11, 1936. Plans of the Central Raw Silk Association include control of production, price fixing, consolidation of

plants, restriction of speculation, financial aid, and international agreements for distribution and sale.

Latvia.—The law of industry and craft, of July 11, 1936, supplemented by an act of January 7, 1937, required all industrial enterprises (except electric-power undertakings) which are not owned and controlled by the state, to obtain a license from the Ministry of Finance, or in the case of dairies and abattoirs, from the Ministry of Agriculture. Conditions under which licenses will be issued may establish complete control of industrial production. A law dated January 20, 1937, established a central organization which will have monopoly rights in the purchase and sale of wool, rawhides and skins, and undressed furs. A law of January 23, 1937, provided for a central union to combine all consumers' cooperatives, and to assist the Government in agricultural plans.

Lithuania.—A law dated August 14, 1936, subjected exports to license requirements. A law passed on April 23, 1937, effective September 1, required the registration of all commercial and industrial enterprises for the purpose of regulating commerce and industry, preventing willful bankruptcies, unfair competition, and violation of tax measures.

Mexico.—A law passed August 1936 required that merchants and industrialists shall be registered and organized into a confederation of chambers of commerce and industry. The expropriation law dated November 25, 1936, lists a number of enterprises that shall be deemed public utilities and therefore subject to expropriation proceedings.

Netherlands.—Following currency depreciation in 1936, an emergency price-control law was passed, authorizing the Minister of Commerce to prescribe maximum prices for the wholesale and retail trade and for some services. Prices and rents may not be increased, and large stores of goods may not be accumulated, without governmental sanction. A constitutional amendment bill proposed in 1936 would authorize creation of public bodies for the regulation of industry, trade, and the professions. Laws have also been proposed to change emergency or crisis measures into permanent laws.

New Zealand.—The Industrial Efficiency Act of October 29, 1936, gave to the Government wide powers of control over industry and trade. Part 1 provided for a bureau of industry to investigate and report as to organization of industries, their capitalization, the rendering of assistance by way of subsidies, loans, grants, tariff concessions, embargoes, and other means; the adoption of uniform methods of accounting and costing; standardization of products, processes, or materials; the training of workers; marketing and distribution of products and the purchase of raw materials; and any matters relating to employment. Part 2 of the law provided for industrial plans to be prescribed by the Minister of Industries and Commerce, upon advice of the Bureau of Industry. Part 3 covered registration and licensing of such industries as may be named by the minister. Part 4 required consideration and report by the bureau on applications for loans under the State Advances Corporation Act of 1936 and on grants and loans under the Employment Promotion Act of 1936. Upon recommendation of the bureau, orders-in-council may be issued by the Governor General covering the registration of persons and firms and the licensing of industries; reports to be required of industrial firms; fixation of prices or rates for any class of goods or services; rates of

royalties, fees, discounts, rebates, concessions, or considerations of any kind in respect of goods or services or in respect of any patent or proprietary rights; the control of production by fixing of quotas or otherwise; and the standardization and simplification of materials, processes, and products.

A number of semiprivate organizations have been completely nationalized, including the railways, the reserve bank, and the mortgage corporation. The industrial conciliation and arbitration law was amended on June 8, 1936, to include compulsory features.

Under the Primary Products Marketing Act of 1936, the Government has assumed control of agricultural and dairy products. The Minister of Marketing buys the produce from the farmer at a guaranteed price for the whole season and markets it with the aid of professional distributors at a fixed price. If export sales are not made at figures high enough to cover the guaranteed price to producers, the deficit is met by the Government.

Paraguay.—A new Department of Industries and Monopolies under the Minister of Agriculture, to study questions of industrial development, tariff protection, and the possibility of Government monopolies, was created by presidential decree on September 15, 1936. A decree law passed as a health measure on June 15, 1936, provided for regulation of production, transportation, and sale of food, pharmaceutical and beauty products.

Peru.—A presidential decree dated July 16, 1936, established governmental control of medicinal products, drugs, and pharmaceutical specialties which are declared to be of prime necessity and therefore subject to the same regulatory measures as staple foodstuffs.

Poland.—A Government commissioner has been appointed to control prices of certain necessary commodities, including food, clothing, oil, coal, iron, and bricks. A presidential decree effective on September 22, 1936, lists certain properties which are destined for compulsory sale to the State Agrarian Bank.

Portugal.—A decree dated May 15, 1937, provided for appointment of a committee which shall organize the cotton industry, regulate imports of raw cotton, establish conditions under which importers shall engage in business, and encourage production of cotton in the Portuguese colonies.

Rumania.—A law dated April 29, 1936, provided for a Supreme Economic Council representing agriculture, commerce, industry, labor, and Government officials, for study and investigation of problems regarding foreign commerce, the valorization of agricultural products, the regulation of labor, and other economic, financial, and social problems. The council will also make recommendations for the negotiation of trade conventions.

Spain.—A decree dated December 2, 1936, prescribed regulations for the exportation of national products of Spain. Export permits will be required, and if the value declared by the exporter is considered too low the Ministry of Finance may take possession of the goods, paying for them the price at which they were declared.

Three decrees in Catalonia dated October 27, 1936, provide for socialization of large industries and land holdings, organization of municipalities into social economic units, and division of the state into nine economic areas. A plan has been offered for a central bank

to impound the gains of profitable enterprise and extend credit or compensate other industries for their losses.

Switzerland.—A decree effective on July 1, 1936, gives to the Federal Price Control Office the power to check price movements deemed harmful to producers or consumers. A pure food ordinance dated May 28, 1936, provided for regulation of the sale of foodstuffs, laying down standards of purity, and applying also to certain chemicals in the manufacture of clothing, cosmetics, and toilet preparations.

Turkey.—Under a law dated June 9, 1936, all exporters are placed under license.

Venezuela.—A new constitution adopted July 21, 1936, restates the power of the Government to legislate for the entire country on many matters listed therein. The Government reserves control of salt deposits, unoccupied lands and products thereof, pearl-oyster beds, and mines.

EXHIBIT 9

[Federal Trade Commisison]

FOREIGN TRADE WORK

EXCERPTS FROM ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION
FOR THE FISCAL YEAR ENDING JUNE 30, 1938

NOVEMBER 30, 1938.

FEDERAL TRADE COMMISSION

GARLAND S. FERGUSON, *Chairman*; CHARLES H. MARCH; EWIN L. DAVIS; W. A. AYRES; ROBERT E. FREER; OTIS B. JOHNSON, *Secretary*

Foreign-trade work of the Commission includes administration of the Export Trade Act and inquiries under section 6 (h) of the Federal Trade Commission Act. This work is done by the Export Trade Section, under direction of the Chief Counsel.

THE EXPORT TRADE ACT (WEBB-POMERENE LAW)

The Export Trade Act, known also as the Webb-Pomerene law, which was passed in 1918, provides that nothing contained in the Sherman Act (passed in 1890) shall be construed as declaring to be illegal any combinations or "associations" entered into for the sole purpose of engaging in, and actually solely engaged in, export trade or agreements or acts done in aforesaid export trade by such associations, under certain safeguarding provisions set out in the law.

The Export Trade Act also provides that nothing contained in section 7 of the Clayton Act (passed in 1914) "shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States."

An export trade association must be entered into for the sole purpose of engaging in export trade from the United States to foreign countries. It may not produce, manufacture, or sell for consumption or resale in the domestic market; nor may it enter into any agreement or act in restraint of trade within the United States or in restraint of the export trade of a domestic competitor. Such association must not either in the United States or elsewhere enter into any agreement or conspiracy or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association or which substantially lessens competi-

tion within the United States. The prohibition against unfair methods of competition contained in the Federal Trade Commission Act is extended to competitors engaged in export trade even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

The organization papers of such export trade groups are placed on file with the Federal Trade Commission, supplemented by annual reports and such other information as the Commission may require as to their business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. The law provides for a procedure to be followed in case of violation of its terms.

EXPORTS SHOW SUBSTANTIAL INCREASE

Shipments by export-trade associations during 1937 amounted to \$197,875,832, which was a substantial increase (\$48,579,307) over exports of 1936. The products shipped, and money value thereof, are as follows:

Commodities	1936	1937
Metals and metal products, copper, iron and steel, metal lath, machinery, railway equipment, pipes and valves, screws, electrical apparatus, and signal apparatus	\$40, 507, 335	\$93, 958, 850
Products of mines and wells, crude sulfur, phosphate rock, carbon black	40, 780, 283	32, 580, 219
Lumber and wood products, pine, fir, hardwood, redwood, walnut, plywood, tool handles, barrel and box shooks, and wood naval stores	8, 533, 374	7, 456, 922
Foodstuffs, such as milk, meat, sugar, flour, fruit (fresh, canned, and dried), and rice	21, 250, 433	19, 921, 343
Other manufactured goods, rubber, paper, textiles, glass, cement, abrasives, and chemicals	38, 225, 100	43, 958, 498
Total	149, 296, 525	197, 875, 832

Early in 1937 exports were materially increased, partly on orders placed in 1936. This increase continued in some markets, but shipments to the Orient lessened as the Sino-Japanese war advanced, and associations dependent upon the Chinese trade were materially affected by the chaotic conditions in that market. Increased freight rates late in 1937 were preceded by a spurt of buying to replenish stocks before the new rates were made effective, but later increased transportation costs were an important factor in lessening sales. As costs began to reflect such factors as the higher prices of raw materials, labor costs, loss through strikes, and other domestic conditions, export prices were increased, and it was more difficult to meet the competition of foreign producers whose costs were not increasing in proportion.

The growing effort on the part of foreign countries to increase production to the point of supplying domestic needs, and the continuance of foreign-exchange controls in some countries, have lessened shipments of some American products, notably foodstuffs. Associations shipping to the German market found it difficult to obtain exchange. In Argentina, preferences given to goods from Germany and Britain, under special treaties, resulted in a scarcity of exchange for American goods. This was true to some extent in other Latin American countries.

In some markets, agreements negotiated under the United States Trade Agreements Act have removed or lessened restrictions and paved

the way for better business relations. Members of the Webb-Pomerene law groups were in a position to place their problems before the negotiators through the association officers.

Collective bargaining in the matter of forwarding and freight rates proved also of advantage to the associations. Groups that operate as selling agencies reduce the cost of marketing for all of the member companies. Uniform terms of sale and contract forms, standardization of products and packing methods, pooling of shipments, and the elimination of impracticable and unsound trade customs, by association action, make for efficiency and economy in the export business. Shipments may be so controlled as to prevent periodic glutting of foreign markets. It is also possible to split large orders between the members of an association and thereby effect prompt shipment to the satisfaction of the foreign purchaser. In some countries, such as the Soviet Union, where buying is centralized, the association provides a single contact for all of the members' products.

New markets have been developed through joint effort and expense; credit losses and claims for unsatisfactory shipments have been reduced; and the newer associations report substantial increase in export business over that obtained through individual sales prior to their organization.

FORTY-FOUR EXPORT ASSOCIATIONS IN OPERATION

Forty-four associations were on file with the Federal Trade Commission at the close of the fiscal year, June 30, 1938. These included a new group formed in October 1937, the Rice Export Association, comprising 23 mills located in Louisiana, Texas, and Arkansas, with a headquarters office in New Orleans. Two associations were dissolved during the year, the Inter-America Exporters, Inc., which had been organized to ship fresh fruit, and the Scrap Export Associates of America, which had been formed in June 1937 to ship scrap iron and steel but did not become operative, finally dissolving in November of that year. The present list is as follows:

American Box Shook Export Association, Barr Building, Washington, D. C.	California Prune Export Association, 1 Drumm Street, San Francisco.
American Hardwood Exporters, Inc., 604 Carondelet Building, New Orleans.	Carbon Black Export, Inc., 500 Fifth Avenue, New York.
American Locomotive Sales Corporation, 30 Church Street, New York.	Cement Export Co., Inc., 150 Broadway, New York.
American Paper Exports, Inc., 75 West Street, New York.	Copper Exporters, Inc., 50 Broadway, New York.
American Provisions Export Co., 80 East Jackson Boulevard, Chicago.	Douglas Fir Export Co., Henry Building, Seattle, Wash.
American Soda Pulp Export Association, 230 Park Avenue, New York.	Durex Abrasives Corporation, 63 Wall Street, New York.
American Spring Manufacturers Export Association, 30 Church Street, New York.	Electrical Apparatus Export Association, 70 Pine Street, New York.
American Tire Manufacturers Export Association, 30 Church Street, New York.	Export Screw Association of the United States, 23 Acorn Street, Providence, R. I.
California Alkali Export Association, 523 West Sixth Street, Los Angeles.	Florida Hard Rock Phosphate Export Association, Savannah Bank and Trust Building, Savannah, Ga.
California Dried Fruit Export Association, 1 Drumm Street, San Francisco.	General Milk Co., Inc., 19 Rector Street, New York.
	Goodyear Tire & Rubber Export Co., 1144 East Market Street, Akron, Ohio.

- Grapefruit Distributors, Inc., Davenport, Fla.
 Metal Lath Export Association, 47 West Thirty-fourth Street, New York.
 Northwest Dried Fruit Export Association, Title and Trust Building, Portland, Oreg.
 Pacific Flour Export Co., care of Fisher Flouring Mills Co., Seattle, Wash.
 Pacific Forest Industries, Tacoma Building, Tacoma, Wash.
 Pacific Fresh Fruit Export Association, 333 Pine Street, San Francisco.
 Phosphate Export Association, 393 Seventh Avenue, New York.
 Pipe Fittings and Valve Export Association, 1421 Chestnut Street, Philadelphia.
 Plate Glass Export Corporation, Grant Building, Pittsburgh.
 Redwood Export Co., 405 Montgomery Street, San Francisco.
 Rice Export Association, 1103 Queen and Crescent Building, New Orleans.
 Rubber Export Association, 19 Good-year Avenue, Akron, Ohio.
 Shook Exporters Association, Stahlman Building, Nashville, Tenn.
 Signal Export Association, 420 Lexington Avenue, New York.
 Steel Export Association of America, 75 West Street, New York.
 Sugar Export Corporation, 120 Wall Street, New York.
 Sulphur Export Corporation, 420 Lexington Avenue, New York.
 Textile Export Association of the United States, 320 Broadway, New York.
 United States Alkali Export Association, Inc., 11 Broadway, New York.
 United States Handle Export Co., Piqua, Ohio.
 Walnut Export Sales Co., Inc., Twelfth Street and Kaw River, Kansas City, Kans.
 Walworth International Co., 60 East Forty-second Street, New York.
 Wood Naval Stores Export Association, 1220 Delaware Trust Building, Wilmington, Del.

SUPPLEMENTAL REPORT ON ANTIDUMPING LEGISLATION

In June 1938, the Commission presented to Congress a Supplemental Report on Antidumping Legislation and Other Import Regulations in the United States and Foreign Countries, which brought to date material in a report on the same subject published in 1934 as Senate Document No. 112. Seventy-third Congress, second session.

This work was done under the provisions of section 6 (h) of the Federal Trade Commission Act which directs the Commission to "investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States."

TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES

Also under section 6 (h) of the Federal Trade Commission Act, the Commission follows trust legislation and unfair competition in foreign countries. Recent measures are briefly summarized.

Argentina.—A governmental committee appointed to study the petroleum situation reported in 1937, recommending establishment of a National Petroleum Council to control and administer reserves, organize petroleum companies with Government and private capital, establish pipe lines, and regulate the import and export trade.

Three decrees were issued by the President in 1938 for regulation of flour milling, fixing official standards for the different grades, authorizing the Ministry of Agriculture to regulate and control the activities of the Chamber of Millers, and establishing an advisory board comprising millers, pastry makers, and bakers, to settle controversies in the industry and to present recommendations for legislation.

A decree published on January 30, 1938, established an Office of Commercial Policy in the Ministry of Agriculture to conduct general

studies of domestic and foreign economic conditions in connection with production, trade, and consumption, internal tax systems, economic balances, internal commercial policy, customs tariffs, commercial treaties, import quotas, embargoes, temporary importation, import premiums, dumping, drawbacks, clearing and compensation agreements, and exchange control.

Belgium.—A decree dated January 13, 1937, prohibited the extension of certain retail sales establishments (chain and department stores) and the period of enforcement was extended to the end of 1938 by further decrees. As authorized by law and royal order on January 15, 1938, and by ministerial orders on April 30, 1938, a National Office of Milk and Its Derivatives has been established to control the production and sale of milk, butter, and cheese, and to promote and improve the distribution and marketing of milk and its derivatives.

Bolivia.—A decree of April 28, 1938, provided further Government supervision of the development and management of stock companies in order to prevent fraudulent acts.

Brazil.—A new constitution decreed by the President and published on November 11, 1937, provided for complete reorganization of the Government by the President as supreme authority of the state, including the power to dissolve and reconstitute legislative bodies and the federal courts.

Decree No. 366, published on April 12, 1938, added to the mining code regulations governing the subsoil deposits of petroleum and natural gas. These and mineral deposits are the property of the National Government. Decree No. 395 of April 29, 1938, completed nationalization of the petroleum industry. Production, refining, importation, exportation, and distribution of petroleum and its products are subject to regulations to be issued by a newly created National Petroleum Council. Concessions shall be granted only to Brazilians and Brazilian enterprises.

Canada.—Following decision of the Privy Council at London in 1937, holding the Natural Products Marketing Act to be unconstitutional, a Canadian order in council dated December 22, 1937, canceled all the marketing schemes set up under the act. But in some cases growers have organized associations to carry on marketing schemes on a voluntary basis, including tobacco and cheese associations in Ontario, and milk and fruit associations in British Columbia. The Royal Commission on the Textile Industry completed its hearings and presented a comprehensive report to the Minister of Finance in January 1938. In December 1937 the Provincial Legislature of British Columbia passed the Commodities Retail Sales Act, which makes it a statutory offense to sell for less than the price fixed by the wholesaler or producer.

Cuba.—The Petroleum Act promulgated on May 10, 1938, effected nationalization of the industry, including petroleum, naphtha, natural kerosene, hydrocarbon gas, helium, asphalt, resin, and coal. All deposits are deemed the property of the state. Concessions are to be granted for development of the resources.

Czechoslovakia.—Decree No. 121, June 18, 1937, provided for basic minimum prices in certain trades. Decree No. 122, also dated June 18, amended the law of December 22, 1933, which restricted the establishment of single-price stores and extended the restriction to December

31, 1938. Decree No. 148, June 24, 1937, extended until December 31, 1938, provisions of a decree issued in 1935 prohibiting establishment of new brand sales in certain industries. A decree dated June 26, 1937, gave to the Ministry of Social Welfare power to declare binding certain labor contracts. A law dated December 21, 1937, affirmed and prolonged until March 31, 1939, the effect of a Government decree issued in 1934, prohibiting the unjustified closure of factories and mass release of employees. Law No. 245, dated December 21, 1937, imposed a tax on domestic cartels, from which export and international cartels are exempt.

Denmark.—New legislation in Denmark in 1937 extended the Government's control over domestic trade and industry by providing control of private price agreements and forced arbitration of labor disputes. A new grain law, effective on January 1, 1938, supersedes prior acts in 1936 and 1937.

Ecuador.—Decree No. 159, August 9, 1937, established absolute control over the manufacture, import, sale, and advertising of chemical and biological products intended for medicinal or veterinary use, and pharmaceutical specialties. Registration is required, and all advertising matter must be approved by the Department of Health.

A presidential decree on October 28, 1937, created a Council of National Economy to centralize national statistics, advise with Government departments on economic and financing operations, customs duties and fiscal policies, and to draft legislation of an economic character. A decree dated December 28, 1937, established a Commissariat of Industries, which shall take immediate control over the industrial and manufacturing production of the country with respect to commerce. Representatives of the commissariat are empowered to inspect account books, invoices, and other commercial documents regarding industry or manufacture.

A decree published on January 7, 1938, provided for the establishment of and compulsory membership in chambers of commerce which shall have authority to defend and develop national commerce, to examine into the morality and honesty of commercial transactions and into the strict fulfillment of contracts and obligations to which their members are parties, to cooperate with the Government in the study of social-economic problems, and to require that all merchants located within their territorial jurisdiction join the chambers. They also will promote commercial fairs, expositions, and conventions, undertake propaganda in favor of Ecuadoran products, and if requested to do so, may arbitrate claims arising between foreign shippers and Ecuadoran importers.

Decrees No. 45 of February 16, 1938, and No. 9 of March 9, 1938, provided for mining and petroleum concessions under the general principle that private individuals or entities may operate only as concessionaires for the exploitation of natural resources.

Estonia.—After several years of experimenting with subsidies, equalization fees, and guaranteed minimum prices, in February 1937, Estonia formed a monopoly for the processing and exportation of all livestock and meat products.

France.—Acts dated June 30, 1937, and April 13, 1938, authorized the Government to take by decree any measures required to insure repression of attacks on the credit of the state, the combating of speculation, economic recovery, the control of prices, the balancing of

the budget, and the defense of the reserve of the Bank of France, without control of exchange. Under this authority, a number of decrees have been issued. One dated June 30, 1937, modified the monetary law of October 1, 1936. Another decree also dated June 30, 1937, prescribed duties of the Departmental Commission of Price Control and prohibited any increase in the wholesale, semiwholesale, or retail prices of goods and foodstuffs or in the price lists applied in industrial and commercial enterprises which were in force on June 28, 1937. The new provisions supersede those of the Price Control Act of August 19, 1936. Numerous protests against the prohibition of increase in price resulted in some exemptions; and the decree was further relaxed by a decree on November 7, 1937, which authorized retail price increases resulting directly from higher wholesale prices, transportation charges and taxes.

A decree on April 4, 1938, provided for establishment of a commission to study ways and means by which control of production in the French industries may be effected. A law dated July 9, 1937, effective until January 31, 1938, conferred upon the Government special authority to modify customs duties by decree, and amended the anti-dumping powers of the Government.

A company act dated July 24, 1937, and decrees issued thereunder, included new provisions for the protection of stockholders and investors. Decrees dated August 26 and October 24, 1937, modified the Export Credit Guarantee Act of August 22, 1936. Four decrees dated August 27, 1937, provided for control of French colonial products, including their production, distribution, exportation from the French colonies, and importation into France and into the colonial territories.

A decree on August 31, 1937, provided for nationalization of the country's railroads under an agreement effective January 1, 1938, whereby all main-line railways are taken over by a new state-controlled company which acquires all assets, assumes all their obligations, and will operate them as a unit until January 1, 1983, at which time they will revert to the state.

Germany.—A decree of May 24, 1937, applied to mail-order houses the prohibition of establishment or expansion of retail shops covered by the law of May 12, 1933. A decree dated July 15, 1937, superseded a decree of September 22, 1934, for regulation of the domestic prices of foreign merchandise, and provided that the price base shall be the actual cost rather than the market price abroad; and profits and prices charged by dealers in handling foreign merchandise shall be fixed by the Reich Price Commissioner.

A decree dated March 13, 1938, forbade persons in Germany to establish new industrial enterprises, acquire existing concerns, or to form branches, offices, or agencies in Austria. This plan was abandoned and the decree of March 13 abrogated on April 26, 1938, after passage of a law published in the Austrian Gazette on April 13, 1938, which authorized the Governor of Austria to control the establishment of industrial enterprises, and to appoint commissioned administrators or supervisors for all enterprises located therein. A decree published on March 30, 1938, prohibited increases in prices and remunerations of all kinds, as far as they relate to goods of daily necessity, to the entire agricultural, handicraft, and industrial production, and to the shipment of goods of all kinds, within the State of Austria, and in all busi-

ness transactions from Austria to the other parts of the Reich. Exceptions may be granted by the Reich Price Commissioner. The German stock company law of January 30, 1937, and subsequent regulations were made applicable to Austria by a German decree dated April 11, 1938.

Great Britain.—Laws passed in 1937 included the Livestock Industry Act, July 20, 1937, which provides for the regulation of importation of livestock and meat (except bacon), continuation of subsidies to producers of beef cattle, the regulation of markets and of central slaughter houses; the Control of Imports Amendment Act, which provides certain changes in the act of 1934; the Export Guarantee Act, which amends and extends the authority of the Export Credit Guarantee Department of the Board of Trade; an Agricultural Act; a Trade-Marks Amendment Act (the first major revision of British trade-mark legislation since 1905); and the Factories Act, July 30, 1937, which serves as a consolidating measure and repeals a number of prior laws regulating labor and factory conditions.

A Special Committee on Share-Pushing, appointed by the Board of Trade in 1936, made its report in July 1937, recommending further regulation of the sale of stocks and shares in order to safeguard investors. An important report of the Import Duties Advisory Committee on the present position and future development of the iron and steel industry (command 5507) was issued in July 1937, with recommendations for regulation of the industry. Report on an inquiry into the costs and profits of retail milk distribution in Great Britain was submitted by the Food Council of the Board of Trade in November 1937, recommending: Rationalization through concentration of processing and distributing depots, reduction in the number of shops and in the expense of advertising, decrease in costs on book debts and their collection, and economies from simplified services; these ends to be accomplished through voluntary action by the industry, compulsory legislation, or a combination of the two. Report of a Joint Committee on Cotton Trade Control, in October 1937, proposed a bill which would establish a Cotton Industry Board for further regulation of the trade, covering all phases of production and merchandising of cotton and allied textiles, including reduction of surplus capacity, prevention of waste through excessive competition, the regulation of production, supply, and sale, establishment of minimum prices or margins, institution of pools and quotas, the imposition of levies, and legalization of wage agreements. The first annual report of the Spindles Board was issued in 1938 covering purchase of redundant mills and machinery under the Cotton Spinning Act of 1936.

A coal bill introduced in 1937 would vest ownership and control of all unmined coal and mines in a National Coal Commission. Other features include amendments to the Coal Mines Act of 1930 to bring about further amalgamations in the mines and a continuance of organized marketing schemes. A films bill would extend and amend the existing film-quota system and set up an advisory films council. The essential commodities purchase bill would authorize further buying of products for reserve; stocks of wheat, sugar, whale oil, and other materials have already been purchased.

International.—An agreement for the control of coke exports, both in volume and in price, was entered into by producers in the United

Kingdom, Germany, Holland, Belgium, Poland, and Danzig, in June 1937, effective for 3 years, with administration by an international association office in Brussels. The international tin agreement was renewed for a 5-year period beginning January 1, 1937. The mercury agreement was terminated in December 1936, due to war conditions in Spain. The European zinc cartel was reformed, comprising manufacturers in Great Britain, Belgium, Holland, Germany, Poland, Austria, and Czechoslovakia. An agreement entered into in October 1937 by buyers of cacao in West Africa, whereby a pool should be formed to buy at an agreed price, resulted in a boycott by Gold Coast farmers, and the pool agreement was suspended until October 1938. An important report on the possibility of obtaining a general reduction in the obstacles to international trade was prepared by M. Paul Van Zeeland, of Belgium, upon request of the Governments of England and France, and was printed as a British White Paper in January 1938.

The United States entered into a reciprocal trade agreement with Czechoslovakia on March 7, 1938, effective on April 16, 1938.

Iran.—An agricultural act was passed on November 16, 1937, for setting up a program to increase production, reclaim and improve lands, repair buildings and roads, and finance agricultural projects.

Italy.—Interest is centered primarily upon the activities of the guilds, to which have been assigned the duties of regulating prices and wages, authorizing the opening of new plants or the enlargement of those in existence, regulating investments, and planning economic policies with a view to increasing the national wealth.

Japan.—Legislation in Japan in 1937 and 1938 increasing governmental authority over industry and trade, included: The temporary fund adjustment law, controlling new industrial investments which has been applied to a number of industries, namely, airplanes, metal production machinery, munitions, steel ships, iron and steel, gold, coal, and petroleum; the emergency import and export control law, authorizing the Government to control imports and exports, production, distribution, and consumption of commodities, during the Sino-Japanese hostilities and for a year after their termination; the ship control law; the law concerning emergency rice measures to replenish stocks of Government-owned rice; the fertilizer distribution control law; the application of armament industries mobilization law; the imperial fuel investment company law; the iron and steel industry law, which contemplates doubling the output of the mills, effecting compulsory extension of plants and furnaces, and granting to new plants exemption from taxation for a period of 10 years; the Gold Mining Act of August 10, 1937, providing for regulation of mining activities and the sale of ores, under a license plan, with subsidies to miners and refiners; the China incident taxation law; and the antiprofitereing amendment law, which revived an ordinance issued in 1917 in prevention of price increase. Measures adopted in October 1937 placed all stages of the cotton industry under state control. An imperial ordinance on May 7, 1938, provided for a Materials Adjustment Bureau to adjust the supply and demand of important materials, including iron and steel, other metals, coal, machinery, fibers, chemicals, and articles in foreign trade. Price committees will enforce official quotations and standard prices.

Latvia.—Under the chambers of commerce and industry law of 1934, state control of industrial activities has been extended to cover many important productive lines, including railways, airplanes, telephones, and radio service, hydroelectric power, forest lands, sugar, flax, grain, wool fabrics, confectionery, alcohol, beer, tobacco, refined oil, cellulose, plywood, iron and steel products, wire, bricks, lime, peat, and films. The state also owns the Bank of Latvia, a number of credit institutions, two resort hotels, a life insurance company, a shipping company, and a travel bureau. Special attention is given to export commodities, such as butter, seeds, flax, and lumber. Plants for the packing and export of bacon, hams, butter, and eggs, have been erected under state control. A price inspector has authority to supervise the production of all merchandise and to regulate prices in all lines of trade and industry, including housing. The value of state-owned property is estimated at one-third of the national wealth.

Manchukuo.—The law for the control of important industries effective on May 10, 1937, gave wide power over industries designated as important, of which more than 20 have been named; changes in equipment or production, and any agreements relating to production, price, or sales, must be approved by the government. An emergency trade control law was passed in June 1937, for protecting agricultural products, adjusting internal prices, and controlling imports. A foreign trade control law passed in December 1937, went further toward adjustment of supply and demand. An iron and steel control law became effective on April 1, 1938.

Mexico.—In addition to the program of land distribution and the organization of rural communities for collective farming under Government supervision, a number of important decrees were issued in 1937, including decrees in June 1937, for control of the silk and artificial silk industries, providing also that imports of certain textile materials and thread, and machinery for knitting and weaving thereof, shall be placed under license control by the Department of National Economy; a decree effective on June 24, 1937, for expropriation of the railways (under the expropriation law of November 23, 1936); a decree effective on June 25, 1937, establishing control of production, importation, distribution, and prices of all commodities which may be declared to be of fundamental importance and requiring the formation of State producers' associations and national producers' unions; a decree under which a foreign trade bank was set up on June 18, 1937, and a workers' bank in July, to finance syndicates of employees and small merchants and manufacturers; and in August 1937, a decree authorizing creation of a Federal electrical commission to organize and administer a national system of electric generation, transmission, and distribution. A petroleum council was formed in March 1938, to administer property expropriated from the petroleum companies.

Netherlands.—A law effective on April 8, 1937, authorized the Minister of Commerce, Industry, and Shipping to control and limit new operators of retail business, trade, and small industries. This was supplemented by the industrial establishment law passed in March 1938, for the control of new industrial enterprises or the increase in capacity of those already established.

Decree of the Governor General of Netherlands Indies, dated December 30, 1937, extended for an indefinite period the industrial

control ordinance of 1934, which has been applied to a number of industries, including dairies, metal foundries, the cigarette industry, ice factories, storage warehouses, the printing industry, the weaving industry, and native rubber smokehouses.

New Zealand.—The primary products marketing amendment bill presented to the Parliament in December 1937, would empower the Marketing Department to fix maximum and minimum wholesale and retail prices for dairy produce, fruit, honey, eggs, and other food-stuffs prescribed by order in council, and to buy foodstuffs at fixed prices, exporting the surplus over home requirements.

A law passed on March 15, 1938, provided for establishment of an iron and steel monopoly, under Government operation, utilizing domestic deposits of iron ore, and constructing new works for manufacturing purposes. Prior to this, iron and steel products have been imported, largely from the United Kingdom and Australia.

Newfoundland.—The act to amend and consolidate the law relating to the customs and excise, dated March 26, 1938, included provisions for valuation of goods for duty purposes, and also in case of imports at prices or values involving unfair competition with producers or manufacturers in the British Empire.

Nyasaland (Central Africa).—Under the tobacco marketing law, December 21, 1937, all fire-cured leaf tobacco grown in the country must be marketed through licensed auction warehouses, under a tobacco control board.

Panama.—A decree in 1938 required that fixed charges (retail prices) must be asked for all merchandise offered for sale. Each article must bear a tag showing the sales price to be observed by all stores.

Peru.—A decree of June 17, 1937, required all commercial organizations to report to the Government in January and July of each year, declaring all raw material handled by them in their business undertakings.

Portugal.—Law No. 1957, May 20, 1937, placed Portuguese agriculture under direct supervision and control of the state, to be effected through corporate organizations or guilds which will be authorized to promote the sale and marketing of farm products, and to enforce regulations laid down by the state for the protection of the national economy. The guilds also may own and operate stores, granaries, agricultural machinery, and livestock, and install various services for the common interest of the members.

Rhodesia, Southern.—The Customs and Excise Amendment Act of May 18, 1937, repeats the antidumping provisions of the act of 1935.

South Africa, Union of.—Marketing Act No. 26, 1937, provides for voluntary regulation of the production and sale of agricultural products, establishment of certain regulatory boards, the grading and standardization of agricultural products, and other matters incidental thereto.

Spain.—The Government has set up a committee to buy all the raw wool produced in the country and to take over imports, which will be placed at the disposal of the spinning industry. The purpose is said to be to reduce the price of wool and to prevent undue increase in the price of manufactured goods. A tobacco monopoly has been created to regulate the production, importation, manufacture, and

distribution of tobacco, matches, and lighters. The production of raw tobacco will be increased, manufacturing plants may not be shut down or opened without governmental consent, and prices to be paid to the growers will be fixed by the Government.

Sweden.—In an effort to strengthen the Government's control over prices and money market, a number of laws were passed in 1937: extending authorization of the National Debt Office to furnish the Riksbank with treasury bills or other state bonds, for sale in the open market; authorizing the Government to issue special regulations concerning the cash reserves of commercial banks; appropriation of 70,000,000 crowns to purchase commodities for storage; increase of the stamp tax on the transfer of shares, effective to May 31, 1938, and release of the Riksbank from its obligation to redeem its notes in gold, extended to February 28, 1938.

Turkey.—Law No. 3003, 1937, authorized the Minister of Economy to control and fix the wholesale and retail prices of industrial products where he considers such action necessary, and to make all inquiries requisite for the purpose.

Uruguay.—Decree of October 21, 1937, provided for control of retail sales prices of pharmaceutical specialties and dietetic products, in order to safeguard the public health and also to prevent unduly high retail prices.

EXHIBIT 10

PART V. FOREIGN-TRADE WORK

EXCERPTS FROM ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION FOR THE FISCAL YEAR ENDING JUNE 30, 1939

The Export Trade Act.
Exported Goods Valued at \$161,244,820.
Forty-three Export Associations on File.
Services Rendered by the Associations.
Advantages Obtained by the Associations.

Supplemental Report on Antidump-
ing Legislation.
Trust Laws and Unfair Competition
Abroad.

Foreign-trade work of the Commission includes administration of the Export Trade Act (Webb-Pomerene law) and inquiries under section 6 (*h*) of the Federal Trade Commission Act, by the Export Trade Section, under direction of the chief counsel.

THE EXPORT TRADE ACT

The Export Trade Act, approved April 10, 1918, provides that the Sherman Antitrust Act shall not be construed as declaring to be illegal an association (which may be a corporation or a combination of two or more persons, partnerships, or corporations) engaged solely in export trade or an agreement or act of such an association in the course of export trade; provided that any such association, agreement, or act is not in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, and that such an association does not, in the United States or elsewhere, enter into any agreement or conspiracy or do any act which artificially or intentionally enhances or depresses prices within the United States or substantially lessens competition within the United States. Organization papers and further reports are filed with the Federal Trade Commission.

EXPORTED GOODS VALUED AT \$161,244,820 IN 1938

Total exports by Webb-law groups have varied from a low point of \$91,180,000 in 1921 to a high point of \$724,100,000 in 1929 (including in that year the petroleum associations since dissolved and the copper associations not now active). Exports in 1937 totaled \$197,875,832; and in 1938, \$161,244,820.

The associations may be roughly divided into five groups:

1. Associations exporting metals and metal products and machinery. These now include steel products, metal lath, pipe fittings and valves, screws, electrical apparatus, railway signal apparatus, railway steel springs and tires, and there is also a copper association not now in operation. This group of 10 associations now represents 67 companies shipping to foreign countries. Exports by this class have varied in value from the high point of \$271,000,000 in 1929 (which included cop-

per exports) to the lowest figure of \$20,250,000 in 1935. The total in 1937 was \$93,958,850; and in 1938, \$67,000,000.

2. Exporters of products of mines and wells, including phosphate rock, sulfur, carbon black, and potash. At one time this group included petroleum companies, since dissolved. In the 5 associations now operating, 24 companies are represented. Exports under this classification have varied from a high point of \$315,000,000 in 1930 (including petroleum exports) to a low point of \$5,556,000 in 1921. Their exports in 1937 totaled \$32,580,219; and in 1938, \$20,920,491.

3. Exporters of lumber and wood products—pine, fir, redwood, hardwood, walnut, plywood, barrel and box shooks, tool handles, and naval stores. There are now 9 associations representing 140 mills, scattered from coast to coast. Exports of lumber and wood products in 1925 totaled \$38,000,000; this dropped to \$8,000,000 in 1932. The total in 1937 was \$7,456,922; and in 1938, \$5,881,028. Some of this decrease has been due to depletion of pine forests in the Southern States.

4. Exporters of food products. Associations now operating export meat products, canned milk, fruit, rice, and sugar. The 9 associations represent 101 companies. Exports of foodstuffs by Webb-law groups have varied from a high point of \$80,400,000 in 1928 to a low point of \$5,839,000 in 1921. The total for 1937 was \$19,921,343, and in 1938, \$21,487,274.

5. Exporters of miscellaneous manufactures, such as paper, textiles, rubber products, abrasives, chemicals, and glass. The 10 associations in this group now represent 93 companies producing these goods for export trade. Total exports under this classification have run from \$2,334,000 in 1921 to \$90,000,000 in 1929, \$43,958,498 in 1937, and \$45,956,027 in 1938.

The Webb law association lists show some changes each year. The number of associations has varied from 43 in 1920 to a high point of 57 from 1929 to 1931. It dropped during the depression years to 43 in 1935, 45 in 1936 and 1937, 44 in 1938, and again 43 in 1939.

There are four associations that have been in operation since 1918, the first year that the law was passed. These are the American Paper Exports, Douglas Fir Export Co., Redwood Export Co., and the Walnut Export Sales Co. Seven associations have been in operation since 1919, just 20 years: The American Provisions Export Co., American Soda Pulp Export Association, Florida Hard Rock Phosphate Export Association, General Milk Co. (at first called the American Milk Products Corporation), Phosphate Export Association, Pipe Fittings & Valve Export Association, and the U. S. Alkali Export Association. The first steel association operated from 1919 to 1923; the second steel group, Steel Export Association of America, has been in operation since 1928. The first copper group was also formed in 1919 and operated until 1933. The second copper group, Copper Exporters, Inc., was formed in 1926 and is still filing papers, although not in active operation. The rubber and sulfur groups were formed in 1922, the petroleum associations in 1929, the textile group in 1930, and the electrical association in 1931. Other groups have been organized, some each year, as listed in the Commission's annual reports.

The following associations were formed during the fiscal year ended June 30, 1939: Potash Export Association, Inc., comprising the American Potash & Chemical Corporation, U. S. Potash Co., and Potash

Co. of America, with headquarters in New York; and the International Wood Naval Stores Export Corporation, comprising the Chemical Products Co., Continental Turpentine & Rosin Corporation, Phoenix Naval Stores Co., Dixie Pine Products Co., Crosby Naval Stores, Inc., Southern Naval Stores Co., Alabama Naval Stores Co., and Mackie Pine Products Co., with headquarters at Gulfport, Miss.

43 EXPORT ASSOCIATIONS ON FILE JUNE 30, 1939

At the close of the fiscal year, June 30, 1939, 43 export associations were on file with the Federal Trade Commission under the Export Trade Act, representing 425 mills, mines, factories, and producers scattered throughout the United States, from coast to coast, shipping American products to all corners of the globe:

- | | |
|---|--|
| American Box Shook Export Association, Barr Building, Washington, D. C. | International Wood Naval Stores Export Corporation, Gulfport, Miss. |
| American Hardwood Exporters, Inc., Carondelet Building, New Orleans. | Metal Lath Export Association, The, 47 West Thirty-fourth Street, New York. |
| American Paper Exports, Inc., 75 West Street, New York. | Northwest Dried Fruit Export Association, Title & Trust Building, Portland, Ore. |
| American Provisions Export Co., 80 East Jackson Boulevard, Chicago. | Pacific Forest Industries, Tacoma Building, Tacoma, Wash. |
| American Soda Pulp Export Association, 230 Park Avenue, New York. | Pacific Fresh Fruit Export Association, 333 Pine Street, San Francisco. |
| American Spring Manufacturers Export Association, 30 Church Street, New York. | Phosphate Export Association, 393 Seventh Avenue, New York. |
| American Tire Manufacturers Export Association, 30 Church Street, New York. | Pipe Fittings and Valve Export Association, The, 1421 Chestnut Street, Philadelphia. |
| California Alkali Export Association, 523 West Sixth Street, Los Angeles. | Plate Glass Export Corporation, Grant Building, Pittsburgh. |
| California Dried Fruit Export Association, 1 Drumm Street, San Francisco. | Potash Export Association, Inc., 21 East Fortieth Street, New York. |
| California Prune Export Association, 1 Drumm Street, San Francisco. | Redwood Export Co., 405 Montgomery Street, San Francisco. |
| Carbon Black Export, Inc., 500 Fifth Avenue, New York. | Rice Export Association, Queen and Crescent Building, New Orleans. |
| Cement Export Co., Inc., The, 150 Broadway, New York. | Rubber Export Association, The, 19 Goodyear Avenue, Akron, Ohio. |
| Copper Exporters, Inc., 50 Broadway, New York. | Shook Exporters Association, 301 Margaret Street, Pekin, Ill. |
| Douglas Fir Export Co., Henry Building, Seattle. | Signal Export Association, 420 Lexington Avenue, New York. |
| Durex Abrasives Corporation, 63 Wall Street, New York. | Steel Export Association of America, the, 75 West Street, New York. |
| Electrical Apparatus Export Association, 70 Pine Street, New York. | Sugar Export Corporation, 120 Wall Street, New York. |
| Export Screw Association of the United States, 23 Acorn Street, Providence, R. I. | Sulphur Export Corporation, 420 Lexington Avenue, New York. |
| Florida Hard Rock Phosphate Export Association, Savannah Bank and Trust Building, Savannah, Ga. | Textile Export Association of the United States, 40 Worth Street, New York. |
| General Milk Co., Inc., 19 Rector Street, New York. | United States Alkali Export Association, Inc., 11 Broadway, New York. |
| Goodyear Tire & Rubber Export Co., The, 1144 East Market Street, Akron, Ohio. | United States Handle Export Co., the, Piqua, Ohio. |
| Grapefruit Distributors, Inc., Davenport, Fla. | Walnut Export Sales Co., Inc., Twelfth Street and Kaw River, Kansas City, Kans. |
| | Walworth International Co., 60 East Forty-second Street, New York |

SERVICES RENDERED BY THE ASSOCIATIONS

Each Webb-law association is formed to meet the needs of the particular industry to be served. There is, therefore, considerable variance in the functions adopted. Most of the groups have become incorporated for their own convenience, although the law does not require it. Most of them operate on an expense basis, the profits accruing to the individual members.

Some associations purchase the members' products for the purpose of selling them to foreign buyers at terms agreed upon by the members. Others serve as central selling agents for the members taking orders, negotiating sales, and handling the shipment of the goods. In some cases, the member companies negotiate the sales under direction of the association. Offices are maintained and agents employed in this country and abroad. Special agents are appointed to exploit the members' products in new markets. Joint advertising and joint trade-marks are used, or the members' brands and patented goods promoted.

The members may agree upon price, terms, and sales policies solely for export shipment, adopting uniform contracts. In some cases a minimum price is agreed upon; in others members are free to quote price but agree to report to the association any change in price. More often the price is finally determined by the foreign agent of the association, varying in different markets to meet the local conditions. In this connection, it may be of interest to quote from a report recently received from a well-established association which has been in active operation for a number of years:

The establishment of prices is a distinct function of the association. It has to be under our form of operation. Prices are established and maintained by responsible foreign agents over whom supervision is exercised by an association official who travels abroad. Prices must depend upon economic conditions in each market versus maximum consuming power of that market under normal conditions. In other words, purchasing power is an important factor to be considered with respect to maximum sales. Another factor is competition; still another is quality and a study of the needs of important consumers in accordance with their processes of manufacturing. Prices necessarily fluctuate in different parts of the world, being controlled by innumerable conditions, both political and economic. In some instances the return exceeds domestic levels here; in others it is about the same; and in others it will occasionally dip lower. Consequently we work on a final average annual price for export, which in turn is tributed equitably in proportion to each factory's shipments.

Credits range according to market practices and the standing of customers. Exchange is a chapter in itself. There is the problem of covering future exchange, spot exchange, and operating with no exchange whatsoever. We have a free movement of exchange, semiembargoes and complete embargoes. This involves much in the way of difficult financing.

In one country we have operated at a maximum of 1 year without securing \$1 of exchange, allowing our funds to accumulate and eventually liquidating them through an easement in exchange regulations over a period of a year thereafter. These adversities cause much in the loss of interest, and at times much more in depreciated exchange, when available, as compared to the rate when sales were made. Where possible we cover exchange futures as far in advance as 6 months; in other cases local trends indicate spot coverage over different periods; again customers have been permitted to hedge exchange and provide necessary guaranties against loss in our acceptance of local currency. Sales are made in sterling to markets with a different standard of currency.

Constant changes in foreign tariffs come to us telegraphically and in ample time for us to adopt necessary safeguards by advance shipments in order to save large sums of money.

At the very least, a maintained price level can return from 20 to 30 percent less than circumstances seem to warrant, and even reach a point where exports

are blocked completely over certain periods. This involves heavy stocking of warehouses abroad in advance, increased expenses, and uncertainty regarding even an approximated price return.

This fact alone illustrates the tremendous advantage of associated activity in contrast to individual effort.

Some associations divide their export business among the members in predetermined proportions, or quotas, agreed upon by the members. For this purpose, the capital-stock holdings of the members may serve as a basis, or the volume of export business over some past period, or perhaps periodical reports by the members as to amounts available for export. Some quota systems are more complicated, including consideration of quality as well as quantity, shipping and loading facilities, and other export factors. Provision is usually made for readjustment of quotas to meet changing conditions.

Other functions that have been adopted by the export associations include standardizing products for export and improving the quality of the goods; maintaining inspection service, employing claims agents, and settling disputes over export sales; establishing rules and regulations for packing and shipping the goods; arranging for freight rates, cargo space, and shipping dates; consolidating the shipments of the members; taking out insurance and shipping documents; providing for storage during transit and warehousing abroad; collecting and disseminating trade information as to market conditions abroad, foreign credits, stocks available for export, exchange problems, tariff requirements, shipping rules and regulations, foreign laws that affect our foreign trade, and other data of value to American exporters.

ADVANTAGES OBTAINED BY THE EXPORT ASSOCIATIONS

The more functions the association adopts, the greater economy may be effected through cooperative action. The central selling agency for all members operates with much less overhead than if each member company were selling independently. The expense of exploitation or development of new markets can be divided among all the members with benefit to each. The association may fill large orders by drawing on the resources of the members; and by pooling the shipments may obtain better cargo space and more reasonable transportation rates. Agreement upon trade practices has eliminated abuses, improved relations with foreign buyers, and reduced claims for unsatisfactory shipments.

The association is in a position to obtain for its members information concerning credits and market conditions abroad, which may be changing frequently; no one member could obtain this information as quickly or with as little expense.

The experience of the associations, in actual operation, may best be shown by a few quotations from their reports to this office:

One of the first lumber groups to be formed reports that—

The association has effected orderly merchandising of lumber exports, eliminating unnecessary competition, and providing by united action financial support for trade development. Standard contracts are agreed upon with uniform terms and conditions of sale. Brands are standardized; shipments consolidated; cargo space arranged; insurance handled; all shipping documents prepared; effecting savings in export. Market reports are received from foreign correspondents, credits checked through reliable sources, exchange abroad and tariffs closely watched; sample shipments are sent abroad in the development of business.

Another lumber group reports:

The outstanding advantage of operation under the association plan lies in the ability to supply the foreign markets promptly and satisfactorily by drawing upon the entire group of mills through a central organization rather than depending upon each unit, the most of which under normal conditions would not be able to furnish a full cargo of export lumber at one loading. As it is, what one mill cannot supply is readily procured from another and the export markets are supplied promptly and uniformly.

An association formed to ship heavy-cargo material reports the following advantages obtained through cooperative action:

Stabilized export prices at profitable levels, uniform sales terms, standardization of grades, reduction in selling expenses, saving on ocean freight, saving on insurance, reduction of credit losses, elimination of unfair claims from buyers, better ability to meet foreign competition in the export field, and better ability to meet centralized buying by centralized selling. Only by combination under the Webb law and acting as a unit can the American producers in this industry successfully meet the competition of foreign producers. There is little doubt, we think, that if the American producers had not been able or had neglected to take full advantage of the provisions of the Webb-Pomerene law to combine and make a joint effort, this American product would have been driven out of foreign markets many years ago.

A group organized to ship specialized metal products reports that:

Success of this company as a Webb-Pomerene organization is due chiefly to the fact that we have gone into the business of foreign trade in what we feel is an intelligent manner and have followed a consistent policy year in and year out, in good times and in poor times, of maintaining a foreign field organization. Through such organization we have been enabled to build up and maintain a recognition of the quality of our brand. This quality reputation, together with the goodwill created by the maintenance of a continued foreign sales force, has enabled us to continue to secure business even in the face of foreign price competition of a very serious type.

An association comprising mills scattered through several States of the Middle West gathers its members' products together for exportation, and reports that:

By combining the resources of stocks, experience, etc., of the several mills, we at one time reduce the costs of exporting as compared with individual operation (cost of the association operation is estimated as about one-fourth of the previous costs to the members); increase the ability to supply practically all items in our line, enjoy the effects of greater prestige in the foreign markets, and control in a greater measure the standards of measurement and quality.

An association organized in 1933 and successful even in the depression years, reports:

Formed to meet chaos in prices, terms, and conditions of sale in all foreign markets when business was dull, and uneven stability when business was good, the association is now the exclusive distributor for the member producers in export trade. It sells on a uniform contract agreed upon and guarantees to each producer a fixed quota of the association's total export business, also agreed upon. Sales are made to distributors, delivered at foreign ports; it is, therefore, able to effect economies in consolidating shipments, arranging freight rates, cargo space, and shipping dates, consolidating insurance, and preparing shipping papers.

An association shipping food products since 1925 reports that:

Uniform sales terms and sound trade customs continue to be outstanding advantages of association operation. The association was formed primarily to correct chaotic conditions which had arisen in this industry as a result of activities of both organized and unorganized buying factors in Europe. The association facilities include the development of uniform contracts and terms of sale, the definition of trade custom, provision for inspection of goods shipped and certification thereof, arbitration, and promulgation of rules, regulations, and policies relating to the conduct of export trade, including the elimination of abuses.

The association offers to its members a method of presenting their claims before boards and conferences. One reports that:

During negotiations with the conferences and steamship lines this association, particularly this year, found of great value the control of the tonnage exported by its different members and was able to obtain a satisfactory ocean freight rate for the year 1939.

Another states that its ability to deal with large purchasing combines abroad has been of material benefit. Some of the associations have presented data to the United States Government in connection with proposed reciprocal trade treaties that could only have been compiled by cooperative action.

As an illustration of association action during disturbed conditions in Europe in 1938, one reports:

We were able to take advantage early in the year of strengthened exchange abroad and improve our selling prices in several countries. Later with war clouds on the horizon, we were enabled to keep careful track of shipments en route, divert them to different ports or hold them in warehouses at European ports until the situation cleared and we could complete delivery. Thus no credit losses were sustained from territories which were taken over by Germany.

SUPPLEMENTAL REPORT ON ANTIDUMPING LEGISLATION

Under section 6 (h) of the Federal Trade Commission Act, a supplemental report on antidumping legislation and other import regulations in the United States and foreign countries, covering the years 1934 to 1938, was presented to Congress in June 1938. Copies are now available for distribution upon request.

TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES

Also under section 6 (h), the Commission follows current trust legislation and unfair competition in foreign countries. The following measures are noted:

Algeria.—A decree in 1938 required formation of syndicates by all commercial producers of citrus fruit to enforce regulations pertaining to the planting, cultivation, sale, and transportation of the fruit. The French law of October 5, 1938, noted elsewhere in this report, is applicable to Algeria.

Argentina.—The grain board was reorganized and the minimum price guaranty program reestablished under laws passed in September and November 1938. A decree on December 8, 1938, extended the program to include cattle, under administration of the National Meat Board. Subsidies paid to producers of grain and cattle are covered by profits from control of exchange. An antidumping bill was sent to Congress in September 1938 but failed to pass before adjournment on September 30. A provincial law in Buenos Aires in 1939 declared the business of supplying electric current a public service, to be administered by a Bureau of Electric Services.

Australia.—The Motor Industry Bounty Act and the Newspaper Paper Bounty Act became effective in December 1938. The bounty payable on exports of citrus fruits was continued. Under a plan adopted in 1938, a tax will be levied on all wheat milled for consumption in Australia; funds derived therefrom will be used to make up the difference between the export price and the domestic price if the latter is maintained above world prices.

Austria.—Under a decree dated July 14, 1938, the German cartel legislation was introduced in Austria.

Belgium.—In September 1938 a series of emergency measures were made effective to safeguard domestic supplies of foodstuffs, raw materials, and other necessities. The Minister of Economic Affairs was authorized to grant export permits, to prohibit the use in animal feedstuffs of any products that might serve as food for human beings, to inventory stocks of merchandise and regulate their use, and to regulate production, manufacture, and distribution of products for human consumption.

A royal decree dated January 18, 1939, limited the period of special sales in the retail trade in order to protect traders and consumers from unfair competition. Another decree, March 22, 1939, prolonged authority of the Government to regulate the use of designations under which products are sold in commerce when the interests of producers, distributors, or consumers so demand.

Bolivia.—Under a constitution adopted in October 1938, all mineral wealth, public lands, and their natural resources, waters, and sources of power are the property of the nation. The state is empowered to regulate commerce and industry in the public interest.

Brazil.—The Monopoly Act, No. 869 of 1938, declared violation thereof a criminal offense, punishable by fine and imprisonment. No bail will be allowed and no pardon or conditional freedom granted. All such crimes will be tried before the Tribunal of National Safety: Destruction or illegal use of raw material or products necessary for consumption of the people; abandonment of tilled land or the closing of factories in return for payment to restrain competition; promotion or participation in combinations or agreements to restrain competitors in material used in production, transportation, or commerce, for the purpose of increasing profits; retaining or monopolizing raw material, means, or production, of products necessary for the consumption of the people, for the purpose of dominating the market and causing increase in prices; selling merchandise below cost price for the purpose of restraining competitors; using false news, fictitious operations, or other fraudulent means to increase or decrease prices, the value of public bonds, articles of value, or salaries; the use of false indications or statements in the sale of bonds or shares; interlocking directorates or officers of companies in the same line of business for the purpose of restraining competitors; operating fraudulently banks, banking and capitalization societies, insurance companies, savings banks, mutual benefit societies, aid and pension societies, or cooperative societies, by causing their bankruptcy or insolvency, or by breach of contract resulting in loss to interested parties; fraudulent entries, registration, or reports for the purpose of concealing profits, dividends, or percentages, or the fraudulent use of reserve funds; entering into agreements to impose a resale price or demand that the buyer shall not purchase from another; departure from official prices of merchandise; attempting to obtain illicit gain by fraudulent processes such as "chains," etc.; violation of contracts of sale or installments, cheating in the drawing of lots, failing to deliver without return of the installments paid, in case of a contract rescinded by the buyer; fraudulently tampering with weights or measures standardized by law; and usurious practices such as charging interest in excess of that permitted by law, or obtaining

a profit exceeding one-fifth of the current or fair value of the installment made or promised.

Under a presidential decree of December 15, 1938, flour mills will be required to purchase home-grown wheat at a fixed price and in quantities to be determined on a quota basis. Imports will be limited, and the Government's efforts to increase wheat production to the point of self-sufficiency will be continued.

Canada.—The Canadian Grain Act was amended on April 7, 1938. The Dominion Government submitted to Parliament in April 1939 a report presenting a new wheat-marketing policy in the form of a crop-insurance plan. To facilitate the plan bills have been introduced for the regulation of the Winnipeg Grain Exchange and the encouragement of cooperative marketing; the wheat board would operate as a central selling agency for cooperative organizations.

The Dairy Industry Act, Farmers' Creditors Arrangement Act of 1934, and the Seeds Act of 1937 were amended on July 1, 1938. An act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938 was passed on April 7, 1938. An act to assist in the alleviation of unemployment and agricultural distress, supplemental to acts passed in 1936 and 1937, was passed on May 25, 1938.

An act to regulate the inspection and sale of binder twine and to establish weight of bushel for certain commodities was passed on June 24, 1938; the inspection and sale act of 1927 was repealed. The Food and Drugs Act was amended on April 5, 1939, and the Meat and Canned Foods Act on May 2, 1939. The Radio Act of July 1, 1938, provided for regulation of broadcasting stations. The Transport Act, July 1, 1938, created a Board of Transport Commissioners to regulate transportation by railways, ships, and aircraft. The Shipping Act of 1934 was amended on June 24, 1938.

Under the Combines Investigation Act, report was issued on August 31, 1938, on an inquiry into an alleged combine in the distribution of tobacco products. The Combines Commission found that retailers and wholesalers had been refused supplies for the purpose of maintaining fixed prices and monopolistic trade restrictions, resale price maintenance, certain standardization of packaging, and other uniform trade practices, had contributed to a lessening of price competition. As a result of the inquiry, action was brought under section 498 of the Criminal Code charging monopoly by 35 corporations and 10 individuals, including manufacturers and wholesale distributors in the tobacco industry. Hearings were held in the superior court at Edmonton in April 1939; the case was to be continued at a later sitting of the court.

A report by the Combines Investigation Commission on an alleged combine in the manufacture and sale of paperboard shipping containers, was submitted on March 14, 1939. The Commission found that two combinations had operated to the detriment of the public through a series of written agreements under which prices were fixed and maintained, and a system of sales allotments or quotas developed, with penalties imposed if a member sold beyond his quota. An alleged combine in the distribution of fruits and vegetables in western Canada is now under investigation by the Commission.

A provincial investigation of farm-implement prices and distribution resulted in a report by a legislative committee in Saskatchewan

in 1939. Several plans were proposed to bring about lower prices of agricultural implements, including a recommendation for prosecution under the Combines Investigation Act, and adoption of a purchasing plan through a cooperative association with Government financial assistance. A provincial law was passed on April 1, 1939, authorizing the Saskatchewan Cooperative Wholesale Society, Ltd., to do retail as well as wholesale business. This organization might be used to further the agricultural-implement plan. The Saskatchewan Cooperative Associations Act of 1930 was also revised in 1939.

A Natural Products Marketing Act, passed in Manitoba on April 17, 1939, empowered a board to control transportation, packing, storing, and marketing of any natural product within the Province. Prices fixed by the British Columbia Milk Producers' Clearing House Cooperative Association, organized as a selling agency under the Natural Products Marketing Act of that Province, were attacked in the courts in 1939. An injunction issued against the association in April was set aside by the supreme court of the Province in May.

Colombia.—A law passed in 1938 provided for the establishment of plants for the manufacture of iron and steel, by companies in which the Government may hold a majority of the capital stock.

Czechoslovak Republic.—A temporary governmental decree effective on November 8, 1938, provided for the licensing of trades, professions, and industrial enterprise. Its purpose is said to be to effect business reorganization in the State, and to avoid too hasty removal of industries from Austria and the Sudeten region.

Dominican Republic.—A decree issued on November 7, 1938, provided for the regulation of production, preparation, and marketing of rice.

Ecuador.—Under a decree of July 8, 1938, Government regulation of the banana industry will be effected. No one company may own more than 80,000 hectares of land; holdings in excess of that must be disposed of to Ecuadorans within 5 years or they will become the property of the state without compensation. Exportation will be supervised by the Ministry of Social Welfare.

Egypt.—A law passed on August 1, 1938, provided regulatory control for the cultivation of cotton. An advisory council was established on December 18, 1938, to study the cotton situation and assist in formulating a policy. Minimum prices have been fixed and short selling discouraged. Barter agreements with other countries, and plans for collection of debts owed to Egyptian exporters by countries with currency restrictions are under consideration.

Finland.—A new grain law effective from September 15, 1938, to January 1944, will regulate the use of imported wheat and rye.

France.—A law dated October 5, 1938, authorized the Government to issue decrees having the force of law, and to take measures intended to bring about the immediate economic and financial rehabilitation of the country. A number of decrees have been issued. The system of price control instituted in 1937 has been modified. Any increase in the retail price of goods or in the charges for services rendered to individuals, above existing levels, is prohibited unless authorized by price supervisory committees (certain food and perishable goods excepted). Increase in the wholesale or semiwholesale price of industrial products may be prohibited by decree, especially if the sales are made through cartel organizations or under agree-

ments between producers, including international agreements; or if the goods are imported and subject to quota regulations. Decrees also include regulations as to marking of prices and goods offered for retail sale. The Government is authorized to raise the selling prices of monopoly products and to increase direct and indirect taxes in order to adjust them to present prices of goods and services.

A law on March 19, 1939, authorized the Government to issue decrees approved by the Council of Ministers, which may be necessary for the defense of the country. A decree on April 21, 1939, limited profits which may be made by suppliers of materials to be used for the national defense; the Government may collect certain percentages of profits, varying with the amounts of the transactions.

The National Economic Council issued a report on January 1, 1939, recommending a self-sufficient agricultural policy covering a list of farm products of importance in France and its possessions.

Germany.—A law dated February 25, 1938, provided for reorganization of the Reich Economic Court, and transfer to it of the functions of the German Cartel Court. A Reich Committee for Increasing Industrial and Economic Efficiency has been established by the Minister of Economic Affairs, to further cooperation between the state and economic organizations. Numerous orders have been issued by the president of the German Trade Development Board in regulation of commercial advertising.

Great Britain.—The Coal Mines Act of July 29, 1938, strengthened provisions of the act of 1930 for compulsory amalgamations, provided for the purchase and administration of coal royalties, and prolonged to December 1942 part I of the 1930 law which was the legal basis for the quota system and selling schemes.

The Prevention of Fraud (Investments) Act of April 28, 1939, added to blue-sky laws of Britain, further provisions intended to put a stop to "share pushing" and similar fraudulent practices in the sale of securities.

The Essential Commodities Reserves Act, passed in June 1938, empowered the board of trade to obtain from traders, information as to their stocks and facilities for storing commodities essential in time of war. The board was also authorized to create reserves of these products. A comprehensive Ministry of Supplies bill was presented to Parliament in June 1939.

The Bacon Industry Act, 1938, set up a new board to regulate the sale and purchase of bacon pigs, guaranteeing that for 3 years the price shall be adjusted to differences in the cost of feeding stuffs, and that the curer shall receive a standard price.

Administrative powers of marketing boards and schemes under the Agricultural Marketing Acts, Coal Mines Act, and the Herring Industry Act, are considered in a report issued in 1939 by a committee appointed to study this phase of regulation.

The Export Guarantees Act of 1939 replaced prior laws in effect since 1920, to provide export credit insurance.

Greece.—Law No. 1490, passed in 1938, required registration of exporters, prosecution of defaulting exporters, and control of the quality of exported merchandise, treating adulteration of exported goods as a criminal offense.

Italy.—Under wheat and flour regulations, in 1938, the service of delivery of grain to the mills is under control of the Minister of Corporations.

Japan.—A commerce and industry order effective on July 9, 1938, provided that ordinances may be issued to prohibit increase in the price of articles designated, above those ruling on the date of the order. A number of products have been named. A far-reaching program adopted in 1939 by the Central Price Commission will include more rigid control over the costs of raw materials, freight, labor wages, and other relating cost factors. A 10-year plan has been announced in Taiwan for increase in agricultural production and diversification of crops other than rice.

Latvia.—Under a law passed in December 1938, syndicates are to be established for the purpose of rationalizing branches of trade and industry. An Institute of Economic Research will make recommendations for rationalization plans.

Mexico.—A decree published August 12, 1938, provided for a Regulatory Committee for the Control of Commodities, and further regulation of the supply, distribution, and prices of the necessities of life. Departments will be formed to regulate customs tariffs, taxes, subsidies, transportation, crop credits, clearing houses, produce exchanges, and other factors bearing on the price of food. When necessary, the committee may buy, sell, and store commodities in order to regulate the price.

Under a decree of October 4, 1938, the Government may fix the maximum price at which sales shall be made to consumers in the country. There are also production groups formed under the Ministry of National Economy, which are subject to instruction as to their production plans, and must sell through a central organization. The National Commission for Foreign Trade has been directed to assist in the organization of exports, preparation of trade agreements, and control of the quality of goods exported.

Executive orders published in August 1938 incorporated into the national reserves all potassium salts and phosphate rock deposits not theretofore covered by concessions, including deposits lying under surfaces of privately owned property.

Norway.—A committee has been organized for the purpose of investigation and study of the various unfair trade practices, with a view toward revision of the Unfair Competition Act of 1922.

Poland.—The Law for the Encouragement of Private Investments, April 9, 1938, and regulations thereunder, granted special tax exemptions on investments, for a 5-year period, to build up industries deemed of national importance, including industrial plants, agricultural projects, mineral and petroleum prospecting and refineries, and building plans. A law dated August 5, 1938, empowered the Minister of Agriculture and Agrarian Reform to secure the supply of articles of prime necessity (food, clothing, and fuel), to store such products, and to fix prices, in order to prevent undue increase in price.

Peru.—A law dated July 27, 1938, provided for Government control of the prices of articles or services to the public and prohibited an increase in prices at that time prevailing without permission of the Minister of Public Welfare.

Portugal.—Under decrees in 1938, a board was established to control standards and exportation of cotton from the colonies, and a minimum price was fixed. If the landed cost of American cotton in Portugal is lower than the fixed price for the colonial product, the difference is to be refunded to the purchaser of colonial cotton by the Cotton Board. To provide funds for the payment of this subsidy, a tax is collected on all foreign cotton imported.

Salvador.—A new constitution was signed on January 20, 1939.

Switzerland.—A federal decree dated July 8, 1938, placed all war materials under Government regulation, including arms, ammunition, explosives, aviation equipment, and chemical products.

Turkey.—The Tobacco Monopoly Act of June 10, 1938, created a State monopoly for control of the culture, manufacture, transportation, and sale of tobacco products.

Venezuela.—A petroleum law published January 6, 1939, declared the petroleum industry to be a public utility. The right to explore, exploit, manufacture, refine, and transport petroleum products, may be exercised by the Government or through concessions granted for that purpose. The National Coffee Institute was reorganized and granted new powers, under an executive decree of January 18, 1939.

Yugoslavia.—A Government regulation issued June 24, 1938, provided for formation of a joint stock company, under Government ownership and direction, which shall acquire and operate steel mills, iron foundries, and iron and coal mines.

On April 1, 1938, the Minister of Agriculture was authorized to draft plans for a system of public warehouses for farm products. A privileged company for warehouses was registered on August 15, and a special board set up for the purpose of fixing standards for farm products to be warehoused. Government loans will be granted on products placed in storage. A decree effective on July 1, 1938, authorized a permanent fund for land conservation projects, flood control, and soil improvement. A decree published on July 12, 1938, included regulations for control of fruit intended for exportation.

A petroleum decree published July 1, 1938, declared mineral oils, resins, and gases found in the earth or on its surface to the property of the state. Prospecting and exploitation may be conducted by the Autonomous State Monopolies Administration, or concessions may be granted under regulatory conditions. Expropriation by the state is permitted. Imports and exports are under Government control, and maximum wholesale prices may be fixed by the Minister of Finance.

EXHIBIT 11

SELECTED LIST OF REFERENCES ON THE EXPORT TRADE ACT¹

- Anderson, B. M., Jr. Competition and combination. The Webb Act. American Academy of Political and Social Science. Annals, March 1919. V. 82: 210-212.
- Barnes, Joseph. The Webb-Pomerene Act of 1918. In Government promotion of foreign trade in the United States. Prepared for the fifth Biennial Conference of the Institution of Pacific Relations. . . . Banff, Canada, August 14 to 28, 1933. New York, American Council institute of Pacific Relations, 1933.
- Bartells, E. J. The Webb law in operation. Address before the Seventh National Foreign Trade Convention, May 14, 1920, at San Francisco, New York, National Foreign Trade Council, 1920. pp. 658-663.
- Beer, Henry Ward. America's answer to foreign combines. American exporters meet the cartel menace on its own ground. Export Trade and Finance, July 7, 1928. V. 19: 15-18.
- Bissell, L. H. The Webb Act: its legal aspects. An address delivered at the Sixth National Foreign Trade Convention, Chicago, April 25, 1919. New York, National Foreign Trade Council, 1919. pp. 461-470.
- Brown, James L. Exporting through the Webb-Law Associations. Comparative Law Series, June 1939. V. 2: (new series) 257-275.
- Charls, George H. Organization of a district export selling company under the Webb law. An address delivered at the Fifth National Foreign Trade Convention, Cincinnati, April 18, 1918. New York, National Foreign Trade Council, 1918. pp. 318-344.
- Colt, Frederick A. Exporting cotton textiles. Address delivered at the Twentieth National Foreign Trade Convention, Pittsburgh, April 26, 1933. New York, National Foreign Trade Council, 1933. pp. 163-169.
- Colt, Frederick A. The operation of Webb-law export associations—Textiles. Address delivered at the Eighteenth National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 233-240.
- Colver, William B. Concentration and control in industry and trade. In American problems of reconstruction, Elisha M. Friedman, ed. New York, E. P. Dutton & Co., 1918. pp. 177-195.
- Copland, D. B. and Norris, J. G. Some reciprocal effects of our Anti-trust laws with special reference to Australia. (With particular reference to the Webb-Pomerene Act) American Academy of Political and Social Science. Annals, January 1930. V. 147: 117-124.
- Davies, Joseph E. Combinations for export trade under the Webb Act. American Academy of Political and Social Science. Annals, March 1919. V. 82: 150-158.
- Davies, Joseph E. Cooperation in foreign trade. Address delivered at the Third National Foreign Trade Convention, New Orleans, January 28, 1916. New York, National Foreign Trade Council, 1916. pp. 454-462.
- De Courcy, Harold, and Brown, James L. The export trade act, by H. De Courcy, and export trade through Webb-law associations, by James L. Brown. Washington, D. C., U. S. Bureau of Foreign and Domestic Commerce, 1935. G. L. B. 162. 35 pp. Processed.
- De Courcy, Harold. Increased exports of Webb Act associations. Commerce Reports, October 23, 1937. p. 838.

¹ Compiled by Madge E. Harkness, assistant librarian, Federal Trade Commission.

- Donovan, J. J. The operation of Webb law export associations—Douglas Fir. Address delivered at the Eighteenth National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 240-250.
- Duncan, C. S. Legalizing combinations for export trade. *Journal of Political Economy*, April 1917. V. 25: 313-338.
- Fort, John Franklin. Webb law and foreign trade. *Scribner's Magazine*, May 1919. V. 65: 643-644.
- Fournier, Leslie. The purposes and results of the Webb-Pomerene Law. *American Economic Review*, March 1932. V. 22: 18-33.
- Gent, Ernest V. After the W. R. A.—The Webb-Pomerene Act. An address delivered at the Twenty-second National Foreign Trade Convention, Houston, November 19, 1935. New York, National Foreign Trade Council, 1935. pp. 18-20.
- Gent, Ernest V. America fights for foreign markets. *World's Work*, May 1930. V. 59: 24-27, 115.
- Gent, Ernest V. Operation of Webb Law export associations—Zinc. An address at the Eighteenth National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 220-227.
- Gent, Ernest V. Why is not the Webb law used more generally by inland manufacturers engaged in foreign trade? An address before the Twentieth National Foreign Trade Convention, April 27, 1933, at Pittsburgh, Pa. New York, National Foreign Trade Council, 1933. pp. 335-346.
- Grace, Morgan H. Twelve years' experience with Webb law associations. An address before the Eighteenth National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 245-250.
- Guaranty Trust Co. of New York. Combining for foreign trade, plans and methods of operation. New York, Guaranty Trust Co., 1920. 15 pp.
- Guaranty Trust Co. of New York. Export trade combinations permitted by the Webb law. New York, Guaranty Trust Co., 1918. 46 pp.
- Guest, Charles E. The operation of Webb law export associations—Rubber. An address delivered at the Eighteenth National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 227-233.
- Hines, Walker D. Cotton Textile Institute takes steps to strengthen export trade. Joint representation under the Webb-Pomerene Act. *Textile World*, January 19, 1929. V. 75: 353-354.
- Huebner, Grover G., and Kramer, Roland L. Cooperative exporting in the United States. In *Foreign trade—principles and practice*. New York, Appleton & Co. 1931. Chapter XXII.
- Hurley, Edward N. Awakening of business. New York, Doubleday, Page & Co., 1919. Chapters VII-XII.
- Hurley, Edward N. Co-operation in foreign trade. An address before the Seventeenth National Foreign Trade Convention, May 22, 1930, at Los Angeles. New York, National Foreign Trade Council, 1930. pp. 172-176.
- Interpretation by Federal Trade Commission of provisions of Webb-Pomerene Export Trade Act respecting formation of export association by silver producers. *Commercial and Financial Chronicle*, August 9, 1924. V. 119: 649-650.
- Jones, Eliot. The Webb-Pomerene Act. *Journal of Political Economy*, November 1920. V. 28: 754-767.
- Jones, Franklin D. Export associations. In *Trade association activities and the law*. New York, McGraw-Hill, 1922. pp. 223-236.
- Judd, Edwin E. Export Management under the Webb-Pomerene Act. An address before the Seventh National Foreign Trade Convention, May 14, 1920, at San Francisco. New York, National Foreign Trade Council, 1920. Pp. 664-670.
- Judd, Edwin E. Webb-Pomerene Act problems. Experience and difficulties of the export manager of one corporation organized under this act. *World Markets*, June 1920. V. 7: 47-48.
- Kirsh, Benjamin S. Foreign trade functions of trade associations. *University of Pennsylvania Law Review*, June 1928. V. 76: 891-925.
- Kirsh, Benjamin S. Trade Associations in law and business. New York, Central Book Company, 1938. Chapter XI, Foreign Trade Functions, pp. 321-374.

- Klein, Julius. Foreign trade combinations. An address before Foreign Commerce Group luncheon, May 8, 1928. Sixteenth annual meeting Chamber of Commerce of the United States of America. U. S. Daily, May 9, 1928. pp. 1, 5.
- Kramer, Roland L. The American cartel system in export trade. Success and failure experienced by Export associations organized under the Webb-Pomerene Act. *Export Trade and Finance*, October 27, 1928. V. 19: 7-9.
- Lamb, George N. Selling American walnut abroad—Seven years' actual experience of a combination under the Webb-Pomerene Act. *Export Trade and Finance*, October 23, 1926. V. 16: 11-15.
- Litman, Simon. Combinations for export trade. In *Essentials of international trade*. New York, John Wiley and Sons, Inc., 1927. 2d ed. Chapter XXIV.
- Love, Ellen L. The Export Trade Act (Webb-Pomerene law). *George Washington Pennsylvania Law Review*, June 1928. V. 76: 891-925.
- Montague, Gilbert H. Agreements in American export trade. An address at the Fourteenth National Foreign Trade Convention, May 27, 1927, at Detroit, Mich. New York, National Foreign Trade Council, 1927. pp. 400-414.
- Montague, Gilbert H. Cooperation in foreign trade: why not at home? An address delivered at the luncheon session of the American Manufacturers Export Association and the National Foreign Trade Convention, New York, May 28, 1931. New York, National Foreign Trade Council, 1931. pp. 215-219.
- Montague, Gilbert H. Cooperation under the Webb-Pomerene law for the rehabilitation of Europe after the war. An address delivered at the Fifth National Foreign Trade Convention, Cincinnati, April 18, 1918. New York, National Foreign Trade Council, 1918. pp. 302-317.
- Montague, Gilbert H. The Federal Trade Commission's investigation of foreign trade conditions (Report on Cooperation in Export Trade). *American Academy of Political and Social Science. Annals*, January 1916. V. 63: 67-68.
- Montague, Gilbert H. The Webb bill and the antitrust laws. *American Bar Association Journal*, April 1917. Vol. 3: 145-164.
- National Association of Manufacturers of the United States of America. Export trade development. A plan for the organization and conduct of export corporations . . . under the Webb-Pomerene Act. New York, The Association, 1919. 10 pp.
- National Association of Manufacturers of the United States of America. The Namusa plan for export trade development. A nonprofit organization incorporated in the State of New York and qualified as an export association under the Webb-Pomerene Act. New York, The Association, 1919. 12 pp.
- National Foreign Trade Council. The Webb bill. Report of Committee on Cooperation in Foreign Trade. . . for enactment of H. R. 17350 (Webb bill); Fourth National Foreign Trade Convention, Pittsburgh, January 25, 1917. New York, The Council, 1917. pp. 155-182.
- National Shawmut Bank of Boston. An introduction to the Webb law. An act to promote export trade and for other purposes. Approved April 10, 1918. Boston, 1919. 32 pp. (Shawmut Series No. 109.)
- Notz, William F., and Harvey, Richard S. American foreign trade, as promoted by the Webb-Pomerene and Edge Acts with historical references to the origin and enforcement of the antitrust laws. Indianapolis, Bobbs-Merrill Co., 1921. 593 pp.
- Notz, William F. Export trade problems and an American foreign trade policy. *Journal of Political Economy*, February 1918. V. 26: 105-124.
- Notz, William F. New phases of unfair competition and measures for its suppression—national and international. *Yale Law Journal*, February 1921. V. 30: 384-394.
- Notz, William F. Ten years' operation of the Webb law. *American Economic Review*, March 1929. V. 19: 9-19.
- Notz, William F. The Webb law, its scope and operation. *Journal of Political Economy*, July 1919. V. 27: 525-543.
- Notz, William F. The Webb-Pomerene Act—its importance to the foreign credit man. *Credit Monthly*, January 1922. V. 24: 9-16.
- Notz, William F. The Webb-Pomerene law—extraterritorial scope of the unfair competition clause. *Yale Law Journal*, November 1919. V. 29: 29-45.
- Putting together the typical export associations. *The Americas*, February 1919. V. 5: 8-11.
- Regulation of export practices by the Federal Trade Board. *The American*, November 1918. V. 5: 13-15.

- Savay, Norbert. The Webb-Pomerene law. In *Principles of Foreign Trade*. New York, Ronald Press Company, 1919. Chapters 17-19.
- Snider, Guy Edward. comp. *Selling in foreign markets*. Miscellaneous Series No. 81, Bureau of Foreign and Domestic Commerce. Washington, D. C., Government Printing Office, 1919. Chapter VIII. Export Combinations.
- Thompson, Huston. A Federal Trade Commission appraisal of Webb-Pomerene law. It has promoted business economies and greater efficiency in the handling of our export trade. *Export Trade and Exporters Review*, October 1, 1921. V. 6: 29-34.
- Thompson, Huston. How the Export Trade Act (Webb-Pomerene Law) is operating. *American Business & National Acceptance Journal*, September 1921. V. 4: 12-13.
- Thompson, Huston. Our foreign trade problem: results of Federal supervision and control. *Forum*, July 1920. V. 64: 70-78.
- U. S. Congress. House. Committee on the Judiciary. To promote export trade, and for other purposes. Hearings, 64th Cong., 1st sess. on H. R. 16707. July 18, 20, 1916. Government Printing Office, 1916. 82 pp.
- U. S. Congress. House. Committee on the Judiciary. Promotion of export trade, etc. Report. To accompany H. R. 17350. Government Printing Office, 1916. 4 pp. Ordered printed August 15, 1916. House report 1118, 64th Cong., 1st sess.
- U. S. Congress. Senate. Committee on Interstate Commerce. Promotion of export trade. Hearings, 64th Cong., 2d sess. on H. R. 17350. January 5, 1917. Government Printing Office, 1917. 156 pp.
- U. S. Congress. Senate. Committee on Interstate Commerce. Export trade. Report. To accompany H. R. 17350. Government Printing Office, 1917. 4 pp. Ordered printed February 14, 1917. Senate report 1056, 64th Cong., 2d sess.
- U. S. Congress. Senate. Committee on Interstate Commerce. Export trade. Report. To accompany S. 634. Government Printing Office, 1917. 4 pp. Ordered printed April 16, 1917. Senate report 9, 65th Cong., 1st sess.
- U. S. Congress. House. Committee on the Judiciary. Promotion of export trade. Report. To accompany H. R. 2316. Government Printing Office, 1917. 10 pp. Ordered printed May 11, 1917. House report 50, 65th Cong., 1st sess.
- U. S. Congress. Senate. Committee on Interstate Commerce. Export trade. Report. To accompany H. R. 2316. Government Printing Office, 1917. 4 pp. Ordered printed August 20, 1917. Senate report 109, 65th Cong., 1st sess.
- U. S. Congress. Conference Committees, 1918. Promotion of export trade. Conference report. To accompany H. R. 2316. Government Printing Office, 1918. 3 pp. Ordered printed April 5, 1918. House report 468, 65th Cong., 2d sess.
- U. S. Federal Trade Commission. Annual reports. Washington, Government Printing Office, 1915-39.
- U. S. Federal Trade Commission. Discussion of practice and procedure under the Export Trade Act (Webb-Pomerene law). Foreign Trade Series No. 1, 1919. 13 pp. Foreign Trade Series No. 2, 1935. 23 pp. Government Printing Office, 1919, 1935.
- U. S. Federal Trade Commission. Report on Cooperation in American Export Trade. Washington, Government Printing Office, 1916. 2 pts. (This report was the result of a comprehensive study and recommended the passage of the Export Trade Act.)
- U. S. Laws, statutes, etc. Webb-Pomerene Act. An act to promote export trade, and for other purposes. Approved April 10, 1918. Government Printing Office, 1918. 3 pp. Public, No. 126, 65th Cong. (H. R. 2316), 40 Stat. 516, 15 U. S. C. A. sec. 61.
- Wallace, Benjamin B., and Edminster, Lynn R. A third possible exception to our historic policy of nonrestriction of exports grows out of the federal law permitting combinations for export trading (Webb-Pomerene Act). In *International Control of Raw Materials*. Washington, D. C., Brookings Institution, 1930. pp. 258-265.
- Walsh, John. The Webb law in operation. Address before the Sixth National Foreign Trade Convention, Chicago, April 25, 1919. New York, National Foreign Trade Council, 1919. pp. 449-461.
- The Webb-Pomerene Law. *The Americas*, February 1919. V. 5: 3-8.

INDEX

	Page
AGRICULTURE: Foreign capital invested in United States, 1937.....	101-103
ALGERIA: Trust laws and unfair competition legislation, 1938; summary.....	290
ANTIMONY: Only smelter in United States owned abroad.....	106
ARGENTINA:	
Trust laws and unfair competition legislation; summary:	
1936.....	264
1937-38.....	275
1938.....	290
ARTIFICIAL TEETH MANUFACTURE: Pricing policy, export market.....	47
ASSOCIATIONS: EXPORT TRADE ACT. (<i>See</i> Export Trade Associations.)	
AUSTRALIA:	
Trust laws and unfair competition legislation; summary:	
1936-37.....	264
1938.....	290
AUSTRIA:	
Trust laws and unfair competition legislation; summary:	
1936.....	264
1938.....	291
AUTOMOTIVE CHEMICALS: Pricing policies, export market.....	56
AUTOMOTIVE INDUSTRY:	
Foreign capital invested in United States, 1937; automobile parts; dollar amount.....	100
Pricing policies: Domestic and export market.....	42
BALANCE OF INTERNATIONAL PAYMENTS. (<i>See</i> Investments.)	
BANKING, INVESTMENTS, etc.: Foreign capital invested in United States, 1937; dollar amount.....	101
BELGIUM: Trust laws and unfair competition legislation, 1938-39; summary.....	291
BIOLOGICAL PRODUCTS: Pricing policies: Domestic and export market.....	56
BOLIVIA:	
Trust laws and unfair competition legislation; summary:	
1936.....	264
1938.....	276, 291
BORON MINERALS INDUSTRY: Percent of domestic output by companies under foreign control.....	106
BRAZIL: Trust laws and unfair competition legislation, 1938 summary.....	291
BUILDING MATERIALS INDUSTRY: Foreign capital invested in United States, 1937.....	100
CACAO CARTEL: International agreement for a buyers' pool, 1937.....	280
CALCULATING MACHINES: Pricing policies, export market.....	41
CALLMAN, DR. RUDOLPH: Das deutsche Kartellrecht; cited (n.).....	x
CANADA:	
Trust laws and unfair competition legislation; summary:	
1937.....	265
1938.....	276
1938-39.....	292

CARTELS (<i>see also below</i> References to Literature, items 1, 4, 12):	Page
Branches of foreign cartels or subsidiaries in United States.....	99
Federal Trade Commission's report of 1916 summarizing status of foreign cartels.....	115
Germany, pre-war cartels.....	115
International agreements and cartels, entered into or revised:	
1937.....	268
1937-38.....	280
CEMENT INTERNATIONAL AGREEMENT, 1937.....	268
CHAMBERLAIN, E.: Theory of monopolistic competition; cited (n.).....	78
CHEMICAL INDUSTRY:	
Export price policy of principal world supplier of a chemical product..	32
Foreign capital invested in United States, 1937; comment and dollar amount.....	100-101
German pre-war investment in United States.....	101
Pricing policies, export market of heavy chemicals industry.....	46
CHINA: Trust laws and unfair-competition legislation of 1936; summary..	265
CIGARETTE MANUFACTURE: Pricing policies, export market.....	46
COFFEE INTERNATIONAL CONFERENCE, 1936.....	268
COKE, INTERNATIONAL CARTEL, 1937.....	279-280
COLOMBIA:	
Trust laws and unfair-competition legislation; summary:	
1936.....	265
1938.....	293
COMMISSION HOUSES: Export price policy.....	61
COMPETITION (<i>See also below</i> References to Literature, items 2, 17):	
Competition versus monopoly.....	74-80
Unfair competition legislation in foreign countries, 1937-39; summary:	
1937.....	264
1938.....	275
1939.....	290
COMPRESSORS (<i>See Machinery Products.</i>)	
CONSTRUCTION INDUSTRY. (<i>See Building Materials Industry.</i>)	
COPPER CARTEL.....	116
COPPER EXPORT ASSOCIATION: Function of.....	x
COPPER EXPORTERS, INC.: Function of.....	x
COST OF DOING BUSINESS: Export Trade. (<i>See Export Trade: Costs.</i>)	
COTTON PIECE GOODS INDUSTRY: Export pricing policy.....	38
COTTON STAPLES INDUSTRY: Pricing policy, export market.....	62
CUBA: Trust laws and unfair competition legislation of 1938; summary..	276
CZECHOSLOVAKIA:	
Trust laws and unfair competition legislation; summary:	
1936.....	265
1937.....	276
1938.....	293
DENMARK: Trust laws and unfair competition legislation, 1937; summary.....	277
DICKENS, PAUL D.	
American direct investments in foreign countries, 1936; cited (n.)..	109
Direct foreign investments in American industry, 1937; 1940; cited and text.....	x, 85-110
DOMINICAN REPUBLIC: Trust laws and unfair competition legislation 1938; summary.....	293
DUMPING (<i>See also below</i> References to Literature, item 28):	
Federal Trade Commission, supplemental report on antidumping legislation, 1934-38; cited.....	275, 290
Theory of.....	4, 83
ECUADOR:	
Trust laws and unfair competition legislation; summary:	
1937-38.....	277
1938.....	293
EGYPT: Trust laws and unfair competition legislation, 1938; summary....	293
ESTONIA: Trust laws and unfair competition legislation, 1937; summary..	277

EXPORT PRICE POLICIES (<i>See also below</i> References to Literature, items 11, 14, 19, 23, 26) :	Page
Comparison of export- and domestic-price policies.....	29-62
Domestic- and export-sales departments establish prices independently on basis of factory costs plus distribution costs; some concessions in exports.....	52
Early studies of.....	7-11
Economic factors determining export-price policy.....	63-90
Export agents and commission houses acting for American manufacturers.....	61
Export customer different type than domestic.....	47
Export prices equal to domestic prices.....	36, 68
Export prices higher than domestic.....	25, 63, 67
Lower export than domestic prices.....	44, 70
Foreign sales made by company branches; price concessions in some markets.....	58
Factors in foreign market conditions which necessitate lower export prices.....	72
Factory price plus distribution costs for all customers.....	37
Foreign branch plants, effect of.....	90
Foreign sales made at less than average costs.....	59
International price discrimination not a sign of monopoly.....	91
Market price plus distribution costs for all customers.....	36
Mass production and.....	83-86
Monopoly aspects of the problem.....	74
Monopoly prices.....	31
One-price policy for all customers.....	39
Problems involved in comparing domestic and export prices.....	16-29
Profit margin differentials.....	28
Public control of export prices.....	92
Range in export versus domestic prices for identical product; table.....	57
Sample study of differences between domestic and export pricing policy of United States corporations. By Dr. Milton Gilbert.....	1-93
Standard export prices lower than domestic for some commodities.....	50
Standard export prices same as domestic but concessions given in some markets.....	44
Why a firm is willing to grant price concessions on export shipments..	70
Why domestic prices are higher.....	74
Zone price system.....	40
EXPORT TRADE: BALANCE OF PAYMENTS. (<i>See Investments.</i>)	
EXPORT TRADE; COSTS:	
Group 1 cases analysis; higher export than domestic prices.....	31-36
Group 2 cases analysis; export prices equal to domestic prices.....	36-44
Group 3 cases analysis; lower export than domestic prices.....	44-62
EXPORT TRADE; PROFITABILITY:	
Group 1 cases analysis; higher export than domestic prices.....	31-36
Group 2 cases analysis; export prices equal to domestic prices.....	36-44
Group 3 cases analysis; lower export than domestic prices.....	44-62
Type of price policy analysis:	
All foreign sales made at less than average costs; six named products; comment and table.....	59-61
All foreign sales made by company branches; concessions in some markets; calculation of profits.....	58-59
Domestic and export sales departments establish prices independently on basis of factory plus distribution costs; some concessions in exports; 15 named products; comment and table.....	52-58
Standard export prices lower than domestic for some commodities; six named products, comment and table.....	50-52
Standard export prices same as domestic but concessions given in some markets; 15 named products, comment and tables.....	44-50
EXPORT TRADE: REFERENCES TO LITERATURE. (<i>See below</i> References to Literature, items 5-10, 27.)	

EXPORT TRADE ACT (April 10, 1918, 40 Stat. 516. Webb-Pomerene Act):	Page
Administration of the law-----	123
Advantages derived by cooperative effort under act-----	143
Amendment proposed in 1921, by Senator Fletcher, S. 2683, Sixty-seventh Congress; text of bill-----	124
Analysis of law as passed on April 10, 1918-----	119
Annual report form of associations under act-----	237
Associated groups formed under the act, 1918-38; summary in chronological order-----	132
Bills, debates, and hearings, and reports, 1924-28, redrafting or amending provisions of Export Trade Act; summary-----	128
Debates in Congress, hearings and committee reports preceding passages of the act-----	118-119
Federal Trade Commission statements of Export Trade Act activities, 1916-39; summary-----	131
Future of the law-----	146
Operation of, report by the Federal Trade Commission; cited and text-----	x, 111-300
Practice and procedure under the act. Federal Trade Commission, Foreign Trade Series No. 1, 1919; extracts; text-----	123, 240
Practice and procedure under the act. Federal Trade Commission: Foreign Trade Series, No. 2, 1935; cited and text-----	129, 251
Procedure of Federal Trade Commission under act; summary-----	132
Section 5. <i>Pacific Forest Industries case</i> ; action by Federal Trade Commission, 1939-40; text of recommendations, January 27, 1940-----	129-130
Selected list of references on the Export Trade Act, compiled by Madge E. Harkness-----	297-300
Silver letter, 1924; text-----	125
Text of the law as approved April 10, 1918-----	149-151
Text of the law as approved April 10, 1918; annotated-----	245-249
Wilson Tariff Act antitrust amendments not modified by act-----	249
EXPORT TRADE ASSOCIATIONS:	
Advantages obtained by the associations-----	288
Annual report, form of-----	237
Directory of associations on file with Federal Trade Commission:	
June 30, 1937 (45)-----	261
June 30, 1938 (44)-----	274
June 30, 1939 (43)-----	286
Feb. 1940 (44)-----	152-253
Directory of associations that have operated or been formed under the act:	
1918-35-----	258-260
1918-39-----	154-233
Functions of the groups organized under the act-----	138
Number of associations in operation each year, 1920-40; number of member companies represented in 1940; table-----	135
Obstacles met by export associations; reasons for dissolution of some of the groups-----	145
Report to Federal Trade Commission due within 30 days after creation of each association; facsimile in blank-----	234
Services rendered by the associations-----	287
Types of organization formed under act-----	136
Value of products exported:	
1920-34-----	257
1920-38-----	134
1925-38-----	284-285
1935-36-----	262
FEDERAL TRADE COMMISSION:	
Alleged violation of antitrust laws by combinations being formed abroad by American firms and alleged dumping of American goods in foreign markets; report 1926; cited (n.)-----	10, 16
Annual report, excerpts relating to foreign trade work of the Commission:	
1937-----	261-263
1938-----	272
1939-----	284

FEDERAL TRADE COMMISSION—Continued	Page
Cooperation in American export trade; report 1916; extracts-----	113
Export Trade Act activities, statements by Commission; summary----	131
Export trade associations on file with the Commission:	
June 30, 1937 (45)-----	262-263
June 30, 1938 (44)-----	274
June 30, 1938 (43)-----	286
Feb. 1940 (44)-----	152-153
Export Trade Division:	
Creation of-----	123
Name changed to Export Trade Section, July 1, 1927-----	129
Foreign Trade Series No. 1. Discussion of practice and procedure under the Export Trade Act, 1919, extracts; text-----	123, 240
Foreign Trade Series No. 2. Practice and procedure under the Export Trade Act, 1935; cited and text-----	129, 251
Pacific Forest Industries, an export association; recommendations for readjustment of business of, January 27, 1940; text-----	129-130
Pacific Forest Industries, effect of recommendations of January 27, 1940-----	138
Procedure under Export Trade Act; summary-----	132
Report on the operation of the Export Trade Act (Webb-Pomerene law), 1918-40; cited and text-----	x, 111-300
"Silver letter," July 31, 1924, to Silver Producers' Committee; text----	125
FEDERAL TRADE COMMISSION ACT (SEPTEMBER 26, 1914. 28 Stat. 717):	
Section 6 (h), inquiry on trade conditions in and with foreign coun- tries; text-----	113, 250
FERTILIZER INDUSTRY. (<i>See</i> Boron Minerals Industry; Phosphate Industry; Potash Industry).	
FINANCIAL INSTITUTIONS:	
Foreign capital in the United States, 1937; comment and table----	101-102
Insurance. (<i>See</i> Insurance.)	
FINLAND: Trust laws and unfair competition legislation, 1938, sum- mary-----	293
FOODSTUFFS INDUSTRY: Foreign capital invested in United States, 1937-----	100
FOREIGN CAPITAL IN THE UNITED STATES. (<i>See</i> Investments.)	
FOREIGN COUNTRIES:	
Trust laws and unfair competition in; excerpts from annual report Federal Trade Commission:	
1937-----	264
1938-----	275
1939-----	290
FORMULAE EMPLOYED IN STUDY:	
Basis of export price quotations, f. o. b., f. a. s., c. i. f.-----	22
Credit terms to domestic and export customers-----	25
Draw-backs-----	22
Export price differentials-----	20
Export price list timing-----	21
Price quotation to similar types of buyers-----	25
Special packing cost differentials-----	24
FOUNTAIN PENS. (<i>See</i> Stationery Goods.)	
FRANCE:	
Trust laws and unfair competition legislation; summary:	
1936-37-----	266
1937-38-----	277
1938-39-----	293
GERMANY:	
Cartels, pre-war-----	115
Investment in United States chemical industry, pre-war-----	101
Trust laws and unfair competition legislation; summary:	
1936-37-----	266
1937-38-----	278
1938-----	294
GILBERT, DR. MILTON: A sample study of differences between domestic and export pricing policy of the United States corporations-----	ix, 1-93
GOVERNMENT CONTROL OF EXPORT PRICES -----	92

	Page
GREAT BRITAIN:	
Trust laws and unfair competition legislation; summary:	
1936-----	267
1937-38-----	279
1938-39-----	294
GREECE:	
Trust laws and unfair competition legislation; summary:	
1936-----	267
1938-----	294
HABERLER, GOTTFRIED VON: Theory of international trade; cited (n.)-----	6, 77
HARKNESS, MADGE E., compiler: Selected list of references on the Export Trade Act-----	297-300
HOSIERY: WOMEN'S WEAR: Pricing policy, export market-----	40
HOSIERY MANUFACTURE: Pricing policies export market-----	42
HOUSEHOLD TEXTILE GOODS: Pricing policies export market: towels, bed linens-----	60
INDIA: Trust laws and unfair competition legislation of 1937; summary--	268
INSURANCE. (See also below References to Literature, item 22):	
Foreign capital investment in United States, 1937; type of insurance; comment and table-----	101-102
INTERNATIONAL CARTELS. (See Cartels.)	
INTERNATIONAL PAYMENTS. (See Investments.)	
INTERNATIONAL PRICE DISCRIMINATION. Not a sign of monopoly--	91
INTERNATIONAL SUGAR COUNCIL: Establishment of, 1937-----	268
INVESTMENTS (see also below References to Literature, items 3, 13, 20-22):	
American capital in foreign countries, 1936. By Paul D. Dickens; cited (n.)-----	109
Foreign capital in the United States:	
Amounts of 1937, long-term, by categories and short-term; comment and table 1-----	99
Amount by principal countries and industries; comment and table 3-----	103
Concentration of assets and investment; comment and table 6--	108-109
Control of United States production-----	105
Direct investments by countries, 1937; comment and table 4-----	105
Direct investments, dollar amount by industry, 1937; comment and table 2-----	100
Foreign investments in American industry, 1937. By Paul D. Dickens-----	85-110
Geographical distribution; comment and table-----	104-105
Industrial distribution; comment and table-----	100-103
International affiliations of American industry, 1937; comment and table 5-----	105-108
IRAN: Trust laws and unfair competition legislation, 1937; summary--	280
IRON AND STEEL INDUSTRY: Foreign capital invested in United States, 1937-----	100
Scrap-iron, international convention of, 1937-----	268
ITALY:	
Trust laws and unfair competition legislation; summary:	
1936-----	268
1937-----	280
1938-----	295
JAPAN:	
Trust laws and unfair competition legislation; summary:	
1936-----	268
1937-38-----	280
1938-39-----	295
KREPS, THEODORE J.:	
Explanatory introductory statement to Monograph No. 6-----	IX-XII
Export, import, domestic prices in the United States, 1926-30, cited (n.)-----	x
LABORATORY APPARATUS INDUSTRY: Pricing policies, export market.	

LATVIA:	Page
Trust laws and unfair competition legislation; summary:	
1936-37.....	269
1937.....	281
1938.....	295
LIEFMANN, DR. ROBERT: Cartels, combines, and trusts, cited.....	x
LIQUOR INDUSTRY: Foreign capital invested in United States, 1937.....	101
LITHUANIA: Trust laws and unfair competition legislation, 1936-37; summary.....	269
MACHINE TOOL INDUSTRY: Pricing policies, export market.....	45
MACHINERY PRODUCTS: Pricing policies, export market; compressors and pumps.....	51
MAFFRY, DR. AUGUST: Insurance transactions in the balance of international payments of the United States; cited (n.).....	102
MANCHUKUO: Trust laws and unfair competition legislation, 1937; summary.....	281
MASS PRODUCTION: Pricing policy, export market, and mass production.....	83-86
MEN'S WEAR INDUSTRY: Pricing policies, export market; collars and shirts.....	41
MERCURY CARTEL: International agreement terminated, 1936.....	280
MEXICO:	
Trust laws and unfair competition legislation; summary:	
1936.....	269
1937-38.....	281
MINING INDUSTRY: Foreign capital invested in United States.....	100, 103
MONOPOLY (<i>see also below</i> References to Literature, items 2, 17):	
International price discrimination not a sign of monopoly.....	91
Monopolistic competition.....	74-80
Monopoly aspects of the export pricing problem.....	74
Monopoly prices; export pricing policies.....	31
NETHERLANDS:	
Trust laws and unfair competition legislation; summary:	
1936.....	269
1937.....	281
NEWFOUNDLAND: Trust laws and unfair competition legislation, 1938; summary.....	282
NEW YORK TARIFF REFORM CLUB: Report on comparative domestic and export prices; cited (n.).....	9
NEW ZEALAND:	
Trust laws and unfair competition legislation; summary:	
1936.....	269
1937.....	282
NITRATE INTERNATIONAL CARTEL: Expiration of, June 30, 1936.....	268
NYASALAND: Trust laws and unfair competition legislation, 1937; summary.....	282
OFFICE SUPPLIES (<i>see also</i> Calculating Machines, Stationery Goods, Typewriters):	
Pricing policies, export market.....	51
PACIFIC FOREST INDUSTRIES:	
Federal Trade Commission recommendations for readjustment of business of Pacific Forest Industries, an export trade association; January 27, 1940, text.....	129-30
Federal Trade Commission's recommendations of January 27, 1940; effect of.....	138
PAN AMERICAN COFFEE BUREAU: Establishment of, 1936.....	268
PANAMA: Trust laws and unfair competition legislation, 1938; summary.....	282
PAPER SPECIALTIES: Pricing policy, export market.....	40, 41, 46
PARAGUAY: Trust laws and unfair competition legislation, 1936, summary.....	270
PERU:	
Trust laws and unfair-competition legislation; summary:	
1936.....	270
1937.....	282

PETROLEUM INDUSTRY: Foreign capital invested in United States, 1937-----	101-102
PHARMACEUTICAL SPECIALTIES: Pricing policies, export market-----	55-56
PHOSPHATE INDUSTRY: Foreign-owned companies control in United States-----	106
PIPE FITTINGS:	
British and American thread-price spread-----	21
Pricing policies, export market: black and galvanized iron and brass-----	42
PLUMBING FIXTURES: Pricing policy, export market-----	61
POLAND: Trust laws and unfair competition legislation 1936; summary--	270
PORTUGAL:	
Trust laws and unfair competition legislation; summary:	
1937-----	270, 282
1938-----	296
PORTZELT, PAUL: Potash, a new industry making satisfactory progress; cited (n.)-----	106
POTASH INDUSTRY:	
Foreign capital invested in United States-----	103
Potash, a new industry. By P. Portzelt; cited (n.)-----	106
United States industry developed since 1914-----	106
PRICING POLICY FOR THE FOREIGN MARKET. (See Export Pricing Policies.)	
PROFITABILITY OF EXPORT TRADE. (See Export Trade: Profitability.)	
PUBLIC UTILITIES: Foreign capital invested in United States, 1937----	101
PUMPS. (See Machinery Products.)	
QUICKSILVER. (See Mercury Cartel.)	
RADIO MANUFACTURE: Export price policy, sets and phonograph branch-----	34
RAILWAYS: Foreign capital invested in United States-----	102
RAYON INDUSTRY:	
Export pricing policy, rayon piece goods-----	38
Foreign capital invested in United States companies-----	107
Rayon and staple fiber yearbook; edition 3, 1919; cited (n.)-----	107
World investments in, 1929 and 1938; cited-----	107
RECIPROCAL TRADE AND/OR TARIFF AGREEMENTS:	
Czechoslovakia and the United States, 1938-----	280
United States and other countries, 1936-37-----	268
REFERENCES TO LITERATURE:	
(1) Callman, Dr. R. Das deutsche Kartellrecht (n.)-----	x
(2) Chamberlin, E. Theory of monopolistic competition (n.)-----	78
(3) Dickens, Paul D. American direct investments in foreign countries, 1936 (n.)-----	109
Federal Trade Commission:	
(4) Alleged violation of antitrust laws by combinations formed abroad; report, 1926 (n.)-----	10, 16
(5) Cooperation in American export trade; report, 1916; extracts-----	113
(6) Foreign Trade Series No. 1; extracts and text-----	123, 240
(7) Foreign Trade Series No. 2; cited and text-----	129, 251
(8) Operation of Export Trade Act, 1918-40; report, cited and text-----	x, 111
(9) Haberler, G. von. Theory of international trade; cited (n.)-----	6, 77
(10) Harkness, M. E. References on the Export Trade Act-----	297-300
(11) Kreps, T. J. Export, import, domestic prices in the United States, 1926-30; cited (n.)-----	x
(12) Liefmann, Dr. R. Cartels, combines and trusts; cited-----	x
(13) Maffry, Dr. A. Insurance transactions in the balance of international payments of the United States; cited (n.)-----	102
(14) New York Tariff Reform Club. Report on comparative domestic and export prices; cited (n.)-----	9
(15) Portzelt, P. Potash, a new industry; cited (n.)-----	106
(16) Rayon and Staple Fiber Yearbook, edition 3, 1939; cited (n.)---	107
(17) Robinson, Joan, Economics of imperfect competition (n.)-----	78

REFERENCES TO LITERATURE—Continued.	Page
(18) Taussig, F. W., Some aspects of the tariff question (n.)-----	5
(19) United States, Commerce and Labor Departments. Manufactured products sold in foreign markets at lower rates than in American (n.)-----	10
(20) United States Commerce Department:	
Balance of international payments of the United States, 1937 (n.)--	102
(21) Foreign investments in the United States, 1937 (n.)-----	102
(22) Trade Information Bulletin No. 834. Insurance transactions in the balance of international payments of the United States (n.)-----	102
(23) United States Industrial Commission Reports, vol. 13, Foreign and domestic prices of American products; and vol. 19 (n.)-----	7, 8, 9
(24) United States Mines Bureau:	
Information Circular 7034 (n.)-----	106
(25) Minerals Yearbook (n.)-----	106
(26) United States Treasury Department. Monthly summary of commerce and finance, Aug. 1900 (export v. domestic price policy) (n.)--	7
(27) Van Zeeland, P., Report on international trade, 1938; cited-----	280
(28) Viner, Jacob., Dumping (n.)-----	6, 7, 16, 92
RHODESIA: Trust laws and unfair competition legislation, 1937; summary-----	282
ROBINSON, JOAN, Economics of imperfect competition; cited (n.)-----	78
RUBBER MANUFACTURE: Foreign capital invested in United States, 1937-----	100
RUMANIA: Trust laws and unfair competition legislation, 1936; summary-----	270
SAN SALVADOR: Constitution adopted January 20, 1939-----	296
SCRAP-IRON INTERNATIONAL CONVENTION, 1937-----	268
SELLING PROBLEM (<i>See also above</i> Export Price Policies):	
Foreign and domestic markets-----	82
SILVER PRODUCERS COMMITTEE: Federal Trade Commission reply, July 31, 1924, to queries propounded by the committee, relating to a proposed formation of an export association-----	125
SODIUM CHLORATE INTERNATIONAL CARTEL, 1937-----	268
SPAIN:	
Trust laws and unfair competition legislation; summary:	
1936-----	270
1937-----	282
STATIONERY GOODS AND SUPPLIES: Pricing policies, export market-----	40, 46, 48, 52, 54
STEEL AND IRON INDUSTRY. (<i>See</i> Iron and Steel Industry.)	
SUGAR AGREEMENT, 1937-----	268
SWITZERLAND:	
Trust laws and unfair competition legislation; summary:	
1936-----	271
1938-----	296
TARIFFS, INFLUENCE OF-----	81
TAUSSIG, F. W. Some aspects of the tariff question; cited (n.)-----	5
TEXTILE INDUSTRY:	
Cotton piece goods. (<i>See</i> Cotton Piece Goods Industry.)	
Cotton staples. (<i>See</i> Cotton Staples Industry.)	
Foreign capital invested in United States, 1937-----	100
Household textiles. (<i>See</i> Household Textile Goods.)	
Rayon. (<i>See</i> Rayon Industry.)	
THORP, WILLARD:	
Foreword to Dickens study on direct foreign investments in American industry, 1937-----	86
Foreword for Monograph 6-----	XIII
TIN RESTRICTION AGREEMENT: Revision renewed for 5-year period January 1, 1937; ratified January 5, 1937-----	268, 280
TOBACCO MANUFACTURE:	
Cigarettes. (<i>See</i> Cigarette Manufacture.)	
Foreign capital invested in United States, 1937-----	101

TRUST LEGISLATION:	Page
Trust and unfair competition legislation in foreign countries, 1937-39: summary:	
1937-----	264
1938-----	275
1939-----	290
TURKEY:	
Trust laws and unfair competition legislation; summary:	
1936-----	271
1937-----	283
1938-----	296
TYPEWRITER MANUFACTURERS: Pricing policy, export market-----	49-50
UNION OF SOUTH AFRICA: Trust laws and unfair competition legislation, 1937; summary-----	282
UNITED STATES:	
BUREAU OF MINES:	
Information Circular 7034; cited (n.)-----	106
Minerals Yearbook; cited (n.)-----	106
COMMERCE DEPARTMENT:	
Balance of international payments of the United States, 1937; cited (n.)-----	102
Foreign investments in the United States, 1937; cited (n.)-----	102
Trade Information Bulletin No. 834, insurance transactions in the balance of international payments of the United States; cited (n.)-----	102
COMMERCE AND LABOR DEPARTMENT. Manufactured products sold in foreign markets at lower rates than in American; cited (n.)-----	10
FEDERAL TRADE COMMISSION: (<i>See above</i> Federal Trade Commission.)	
Foreign capital invested in the United States. (<i>See above</i> Investments.)	
INDUSTRIAL COMMISSION:	
Report, volume 13, Foreign and domestic prices of American products; cited (n.)-----	
Final report, volume 19; cited (n.)-----	7, 8, 9
TREASURY DEPARTMENT: Monthly summary of commerce and finance, August 1900; cited (n.)-----	7
URUGUAY: Trust laws and unfair competition legislation, 1937; summary-----	283
VAN ZEELAND, PAUL: Report on international trade, 1938; cited-----	280
VENEZUELA:	
Trust laws and unfair-competition legislation; summary:	
1936-----	271
1939-----	296
VINER, JACOB:	
Dumping:	
A problem in international trade; cited (n.)-----	6, 7, 16
Article in Encyclopedia of Social Sciences, volume 3, page 276; cited-----	92
WEBB-POMERENE ACT (April 10, 1918. 40 Stat. 516). (<i>See</i> Export Trade Act.)	
WEBB-POMERENE ASSOCIATIONS. (<i>See</i> Export Trade Associations.)	
WILSON TARIFF ACT (Aug. 27, 1894. 28 Stat. 509): Amendments of February 12, 1913 (secs. 73, 76, 77, 1894), not modified by Export Trade Act, text-----	249
WOOD-PULP PRODUCTS INDUSTRY: Export price policy-----	33
WRITING PAPER INDUSTRY: Pricing policy, export market-----	40
YUGOSLAVIA: Trust laws and unfair-competition legislation, 1938; summary-----	296
ZINC CARTEL: European cartel, reformation of-----	280

BOSTON PUBLIC LIBRARY



3 9999 06351 913 4

